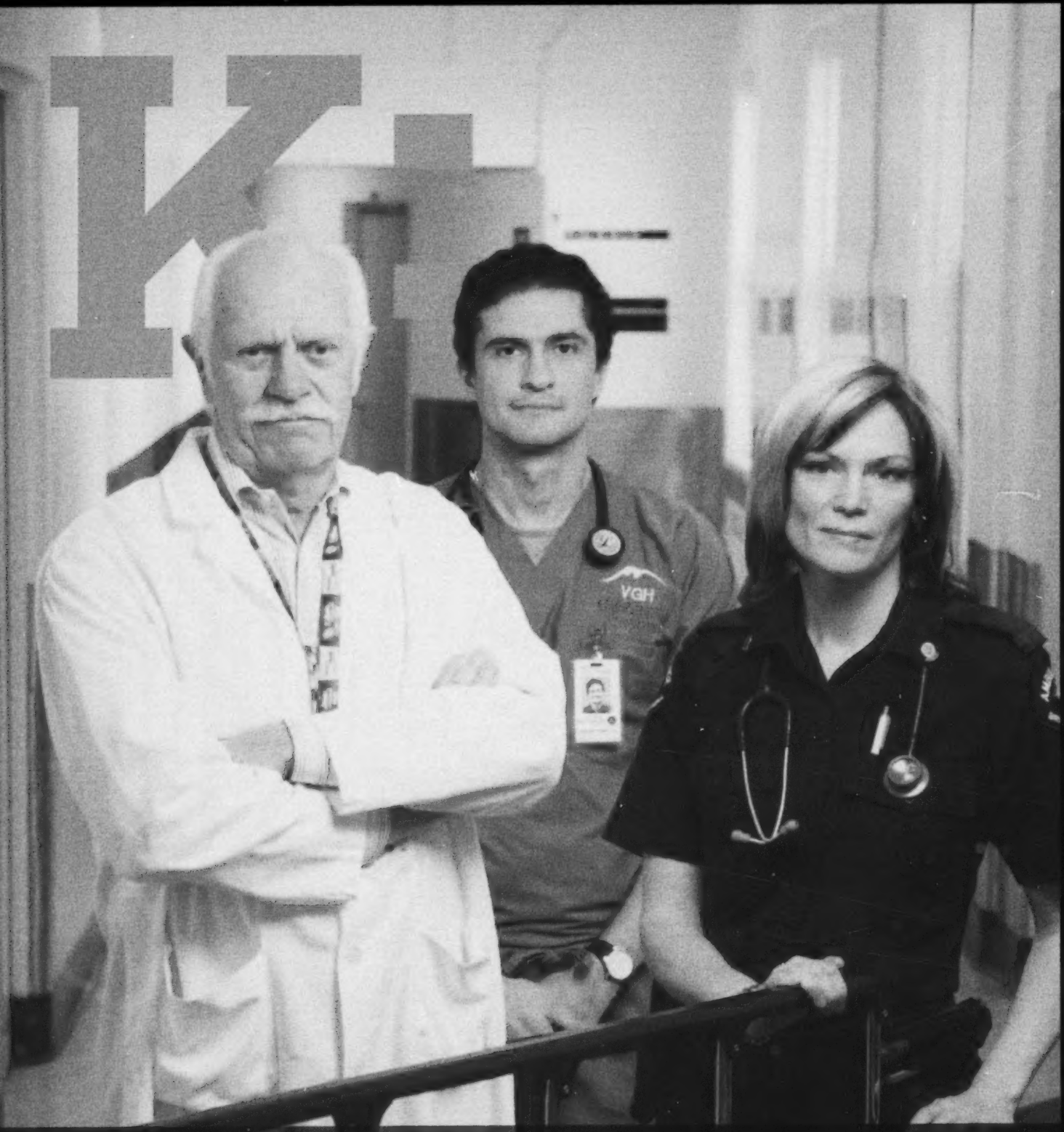

Annual Report

2013-2014

Knowledge Network Corporation

BRITISH COLUMBIA'S | Knowledge Network:

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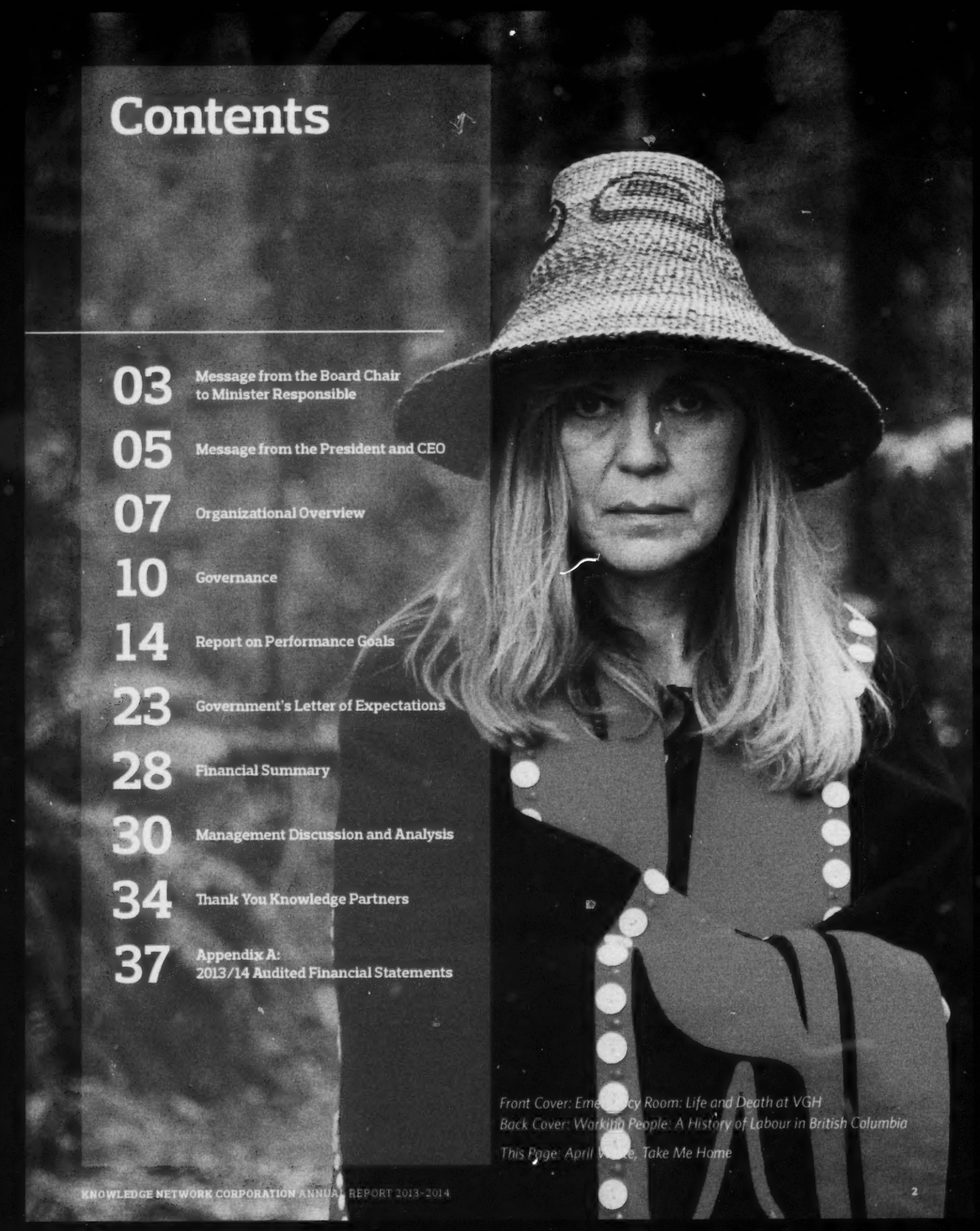
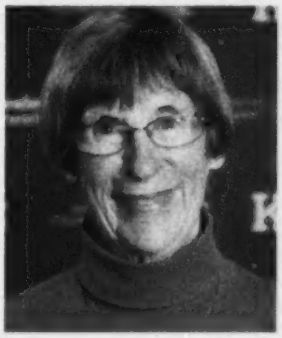


Front Cover: Emergency Room: Life and Death at VGH
Back Cover: Working People: A History of Labour in British Columbia
This Page: April Wade, Take Me Home

Message from the Chair to the Honourable Andrew Wilkinson, Minister of Technology, Innovation and Citizens' Services

On behalf of Knowledge Network Corporation's Board of Directors, I am pleased to present the 2013/14 Annual Report.



This is the first year reporting out on goals and performance measures as part of our new Strategic Plan *Engaging You, British Columbia*, and it has been a truly exceptional year. Knowledge Network is proud of its critical role in developing and supporting B.C. talent within the independent production community. Filmmakers are partners in the creation of original content that supports our public mandate, producing outstanding documentaries that inform and inspire our audiences. We have continued to increase content on multiple digital platforms to engage our audiences anytime, anywhere.

Highlights of projects that premiered on Knowledge Network this past year include:

- *Emergency Room: Life and Death at VGH*, a six-part documentary series giving British Columbians a rare insight into emergency health care in B.C., was developed in partnership with Vancouver Coastal Health.
- *Foncie's Photos*, a multi-platform project celebrating the work of Foncie Pulice, the Vancouver street photographer who, for 45 years, took pictures of locals strolling along Granville Street. The Museum of Vancouver presented an exhibition of Foncie's photos that included shorts from the documentary.
- *Take Me Home*, an original B.C. documentary profiling 36 B.C. artists, athletes and personalities in partnership with the Ministry of Community, Sport and Cultural Development. A wide array of talented British Columbians shared their personal and insightful stories on the meaning of "home", including Olympian Ashleigh McIvor, Vancouver Canucks President Trevor Linden and spoken word poet Shane Koyczan.
- *Working People: A History of Labour in British Columbia*, a documentary series profiling British Columbian workers who played extraordinary roles in the building of our province from the 1700's to the 1980's. This project was developed in partnership with the Labour Heritage Centre, and was championed by the late Jack Munro.

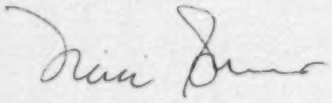
In October, we launched a High Definition channel to improve our service and remain relevant with British Columbians. We also launched our first children's book *Which Way Back?* The book was written and illustrated by local B.C. talent and published in partnership with B.C.-based publisher Figure 1. It has since become a number one best seller on the B.C. Children's Books Bestseller List. Our CEO continued his outreach to communities in B.C. strengthening our relationship with donors, viewers and other stakeholders.

As B.C.'s viewer supported public broadcaster, we rely on donations from our loyal donors across the province. We are pleased to report that we exceeded our target of raising $3.4 million this year. While this is an important achievement, we recognize there is strong competition for funding and donations. The priority in the coming year is to deepen our engagement with our audience by launching the third generation of Knowledge.ca. This website will include expanded content, personalization and interactive experiences.

Looking forward, our major challenge will be supporting new capital investments required to replace aging broadcast equipment installed in 2008. We have developed plans to address this priority within the next three years.

We continued to fulfill our mandate supporting the public policy objectives identified in the Knowledge Network Corporation Act. Our achievements were made possible by the ongoing support of the Government of British Columbia and through our valued partnership with our 38,0000 donors. We are proud of our 2013/14 accomplishments which have energized the organization for the year ahead.

Sincerely,



Nini Baird, C.M.
Chair, Knowledge Network Corporation Board of Directors

Accountability Statement

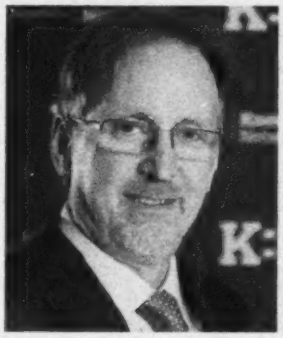
The 2013/14 Annual Report was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of Knowledge Network Corporation for the twelve months ended March 31, 2014 in related to the Service Plan published in February 2013.

The Board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of March 31, 2014, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate direction, goals, strategies, measures or targets made since the 2013/14 – 2015/16 Service Plan was released and any significant limitations in the reliability of the data are identified in the report.

Message from the President and CEO



British Columbia's Knowledge Network continues to be the place for audiences to be inspired and informed. Our track record of addressing top-of-mind concerns for British Columbians is best exemplified by the standout success of the year, *Emergency Room: Life and Death at VGH*. This six-part documentary series was Knowledge Network's most ambitious commission ever, spanning three months of filming at Vancouver General Hospital. The landmark series and interactive website engaged hundreds of thousands of British Columbians on the most important health care issues of our time.

The premiere episode won its time slot, beating Canada's three biggest networks, and smashing all records for our television network and website. More importantly however, *Emergency Room: Life and Death at VGH* strengthened Knowledge Network's brand through intense engagement in social media, and critical acclaim in local and national press including the Vancouver Sun, The Globe and Mail and the Huffington Post. As a result of our ongoing investment in B.C. independent productions, we were able to access major funding for this project, produced by B.C.'s Lark Productions, through the federally funded Canada Media Fund.

Through our curated collection of documentaries and popular dramas, our primetime broadcast schedule continued to exceed expectations. The success of *Emergency Room: Life and Death at VGH* contributed to our annual total reach surpassing 2.6 million viewers, making Knowledge Network the fourth most watched network in primetime. More remarkably, during the week of December 23-29, Knowledge became the number one network in primetime, edging out the major broadcast networks. Web traffic to Knowledge.ca continued its upward trajectory over the year with a total of 1,044,827 visits, 5,249,000 page views, and 373,061 hours on site.

In the increasingly competitive universe of children's television, Knowledge Kids has steadily gained ground on the competition. It continues to offer programming that supports learning and social skills such as cooperation and problem solving. In February, Knowledge Kids was the number one broadcaster of children's programming, for kids aged 2-8, beating out all other children's channels. For the year, KnowledgeKids.ca recorded totals of 378,926 visits, 732,203 page views and 124,633 hours on site.

The launch of Knowledge Network's High Definition channel in October was a significant contributor to increases in our audiences and donor revenues. With carriage secured on Shaw Cable, Shaw Direct, Eastlink, TELUS Optik and independent service providers throughout the province, virtually every household in British Columbia now has access to Knowledge HD.

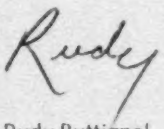
Our outreach to the public, Knowledge Partners and the independent production community was particularly ambitious this year. We held a workshop and pitching forum in Nelson, B.C. for a select group of fourteen filmmakers for the opportunity to produce a series of documentary shorts on the early history of the West Kootenays. The commission was awarded to Amy Bohigian.

In October, I was invited to Prince Rupert and Smithers to address the Chambers of Commerce and to meet members of business and arts communities. In February, due to popular demand, we added a second preview screening of *Midsomer Murders* for our Knowledge Partners at the Victoria Conference Centre. Combined with a third screening to a capacity audience at the Vancouver Playhouse, we were able to engage with over 1,300 Knowledge Partners and their guests.

In March, Knowledge Network returned as a sponsor of the Kamloops Canadian and International Film Festival. For the second straight year, the Festival opened with a Knowledge Network commissioned documentary, *Oil Sands Karaoke*.

Knowledge Network's extraordinary success this year has been built on a foundation of enduring support from key stakeholders—our audiences in every corner of British Columbia; our partners in the television and digital production industry; our small but knowledgeable team of managers and staff; and our supportive Board of Directors. We are most grateful for the ongoing support of our two most vital stakeholders—the Government of British Columbia and our 38,000 Knowledge Partners. To all of you who believe in the important role played by British Columbia's public broadcaster, thank you.

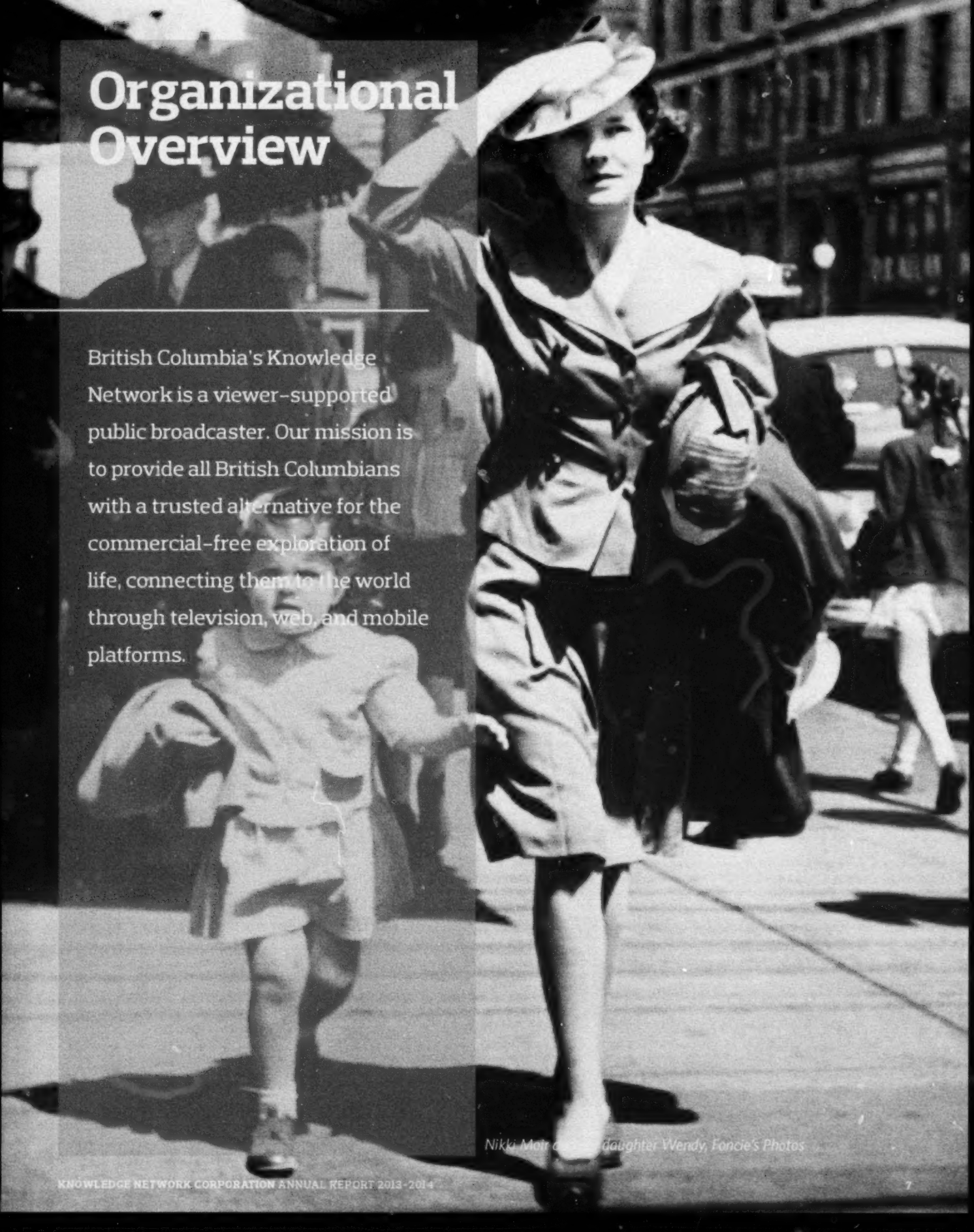
Sincerely,



Rudy Buttignol
President and CEO
Knowledge Network Corporation

Organizational Overview

British Columbia's Knowledge Network is a viewer-supported public broadcaster. Our mission is to provide all British Columbians with a trusted alternative for the commercial-free exploration of life, connecting them to the world through television, web, and mobile platforms.



Nikki Matt[illegible] daughter Wendy, Foncie's Photos

Vision

Knowledge Network, as British Columbia's public educational broadcaster, supports lifelong learning by providing quality programming to all British Columbians through television, the web and other emerging technologies.

Enabling Legislation

Knowledge Network is a Crown corporation, created in 2008 under the Knowledge Network Corporation Act.

Mandate

The Knowledge Network Corporation Act lists the purposes of Knowledge Network as:

- to carry on the business of broadcasting and communications to provide unique, quality educational programming to British Columbians,
- to promote lifelong learning in British Columbia by providing quality educational programming,
- to inform and educate British Columbians about their province and about issues that are relevant to them,
- to provide British Columbians with a unique television experience, and
- to collaborate with the independent television and web media production sectors in British Columbia.

Core Business Areas

Knowledge Network brings diverse perspectives to viewers in B.C. to challenge assumptions, broaden awareness and spur the acquisition of new knowledge. We do this by:

- distributing commercial-free educational content to all British Columbians through television, web, and mobile platforms,
- researching, filtering, licensing, and packaging content from British Columbia, Canada, and around the world that supports lifelong learning,
- commissioning, pre-licensing, and developing original content from British Columbia, Canada, and around the world for television, web, and mobile platforms, and
- building and managing the charitable arm of Knowledge Network, including donations, legacy gifts, and bequests.

Principal Partners, Clients, and Stakeholders

Key stakeholders include:

Viewers - 1.4 million weekly viewers across British Columbia

Ministry - Ministry of Technology, Innovation and Citizens' Services

Donors - 38,000 Knowledge Partners

Storytellers - Independent production community

Partner in BBC Kids - BBC Worldwide

Regulator - Canadian Radio-television and Telecommunications Commission (CRTC)

Values

Knowledge Network is guided by these values:

Trust - We serve the public interest and deliver on our brand promise.

Integrity - We work to the best of our abilities, engaging in principled decision-making and ensuring independence in programming.

Respect - We demonstrate due regard for everyone and strive to reflect diverse points of view.

Accountability - We are open, responsible, and transparent in the conduct of our business.

Quality - We strive for excellence in the selection, presentation, and distribution of our programming and in our interactions with all those we serve.

Location of Operations

4355 Mathissi Place
Burnaby, BC V5G 4S8

How We Deliver Services

Knowledge Network delivers educational content to British Columbians through mandatory carriage on cable, direct-to-home satellite, IPTV services, and at Knowledge.ca, KnowledgeKids.ca and on mobile platforms. We develop, pre-license, and commission filmmaker-driven documentaries for broadcast on Knowledge Network. We serve as a resource for independent producers across traditional and interactive media sectors for the creation of multi-platform content.

Benefit to British Columbians

Knowledge Network is a public space for independent voices. British Columbians trust us to provide diverse points of view that challenge the way we think about current issues and inform decision-making.

Our cultural, economic, and social benefits to British Columbians include:

Supporting Families Through Literacy and Early Childhood Development

Knowledge Kids is accessible and commercial-free, providing B.C.'s children with a safe and trusted learning environment.

Creating Jobs and Skills Training

Knowledge Network's commissioning and licensing of original content helps B.C.'s independent production sector attract additional financing from provincial, national and international sources. Through development funding and formal internships with colleges and universities, we reach out to new and emerging talent, providing unique opportunities for professional development in the television and new media workplace.

B.C. Content

Knowledge Network offers programs of direct relevance to British Columbians, cultivating dialogue and encouraging their participation in our culturally diverse, vibrant and dynamic province.

Viewer Supported, Viewer Focused

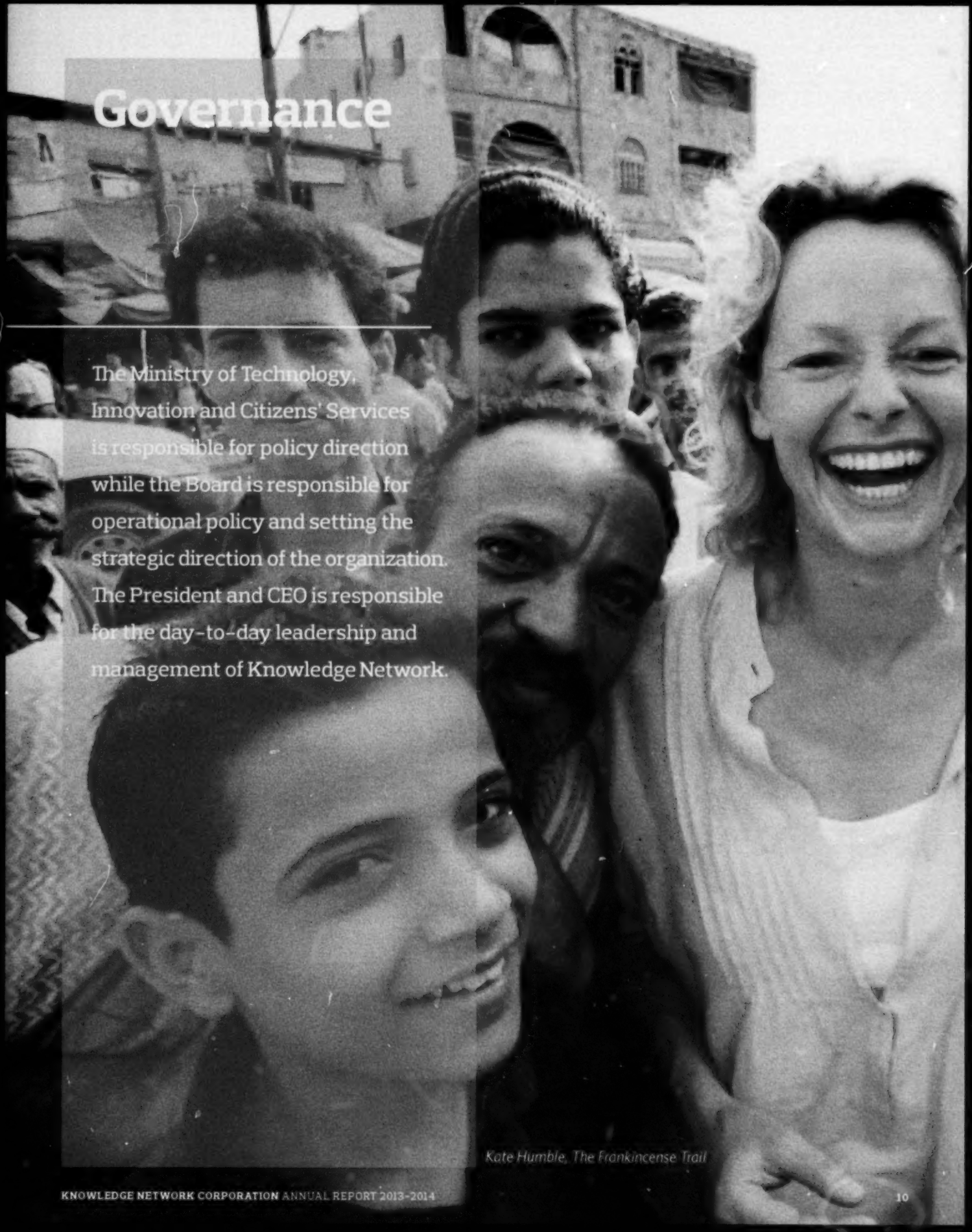
British Columbians contribute to the success of Knowledge Network. As a viewer-supported public broadcaster, we deliver significant, high-quality content that is informed by the interests of our audience.

Accessible and Commercial-Free

Knowledge Network has mandatory carriage on cable, direct-to-home satellite and IPTV services. Most of our programs are also available for free viewing at Knowledge.ca, KnowledgeKids.ca and on mobile platforms. Our programming has no interruptions, no commercial advertising and is closed captioned on-air and online.

Governance

The Ministry of Technology, Innovation and Citizens' Services is responsible for policy direction while the Board is responsible for operational policy and setting the strategic direction of the organization. The President and CEO is responsible for the day-to-day leadership and management of Knowledge Network.



Kate Humble, The Frankincense Trail

Minister of Technology, Innovation and Citizens' Services

Honourable Andrew Wilkinson

Board of Directors Chair

Nini Baird, C.M.

President and Chief Executive Officer

Rudy Buttignol

Senior Management

Tracey Balogh	**Director of Human Resources**
Murray Battle	**Director of Independent Production and Presentation**
Oliver Eichel	**Director of Broadcast Operations and Engineering**
Jeffrey Lee	**Director of Finance**
Sarah MacDonald	**Director of Business and Partnership**
Glenna Pollon	**Director of Government Relations and Communications**
Lisa Purdy	**Director of Knowledge Kids and BBC Kids**
John Reid	**Director of Business Affairs**
Ravi Singh	**Director of Interactive**

Canadian Radio-television and Telecommunications Commission (CRTC)

Licensed through the CRTC to broadcast educational programming in British Columbia.

Canada Revenue Agency

A registered charity, engaging in fundraising activities through our Knowledge Partners program. Funds raised support the acquisition and production of inspiring, informing and engaging content from British Columbia, Canada and around the world.

Board of Directors

Knowledge Network Corporation's Board of Directors are appointed by the Lieutenant-Governor in Council. The Board leads Knowledge Network with a strategic perspective, attending to the continual improvement of its leadership role and to its capability as a body to define values and vision.

They are guided by governance principles that are intended to support best practices, innovation and improvement, sound fiscal management and respect for all stakeholders. The Board has systems in place to ensure their operations and decision-making processes are consistent with the guidelines of the Office of Board Resourcing and Development.

Further information on Knowledge Network Corporation's Board Governance, is available at: www.knowledge.ca/about/governance

Principles	How They Are Achieved
Ensure broad-based, relevant Board representation.	Recommend individuals from business, education, finance, law, new media, and other relevant disciplines.
Promote strategic macro-governance direction.	Work with management to ensure continuous improvement of service delivery.
Maximize value for money.	Operate by demonstrating effectiveness and efficiency in use of resources.
Listen to KNC partners.	Seek input from partners, stakeholders, and the provincial government and act on it.
Leverage best practices including the selection of performance measures and targets.	Support the CEO in the development, implementation, and evaluation of a Service Plan that meets goals and objectives set by the Board.

Knowledge Network Corporation Board of Directors (at March 31, 2014)

Nini Baird, C.M.
(West Vancouver)

Anne McMullin
(West Vancouver)

Kevin Brown
(Prince George)

Sheila Orr
(Victoria)

Wendy Heshka
(Kamloops)

Sinclair Mar
(Victoria)

Dr. Jan Lindsay
(Comox)

Mitchell Taylor
(Vancouver)

Debbie MacMillan
(Kelowna)

Marg Vandenberg
(Vancouver)

Board Committees

Six standing committees support the Board in fulfilling its obligations and responsibilities to Knowledge Network.

Audit and Finance

Ensures the audit process, financial reporting, budgets, and risk management systems are reliable, efficient, and effective.

Members: Mitchell Taylor (Chair), Wendy Heshka, Jan Lindsay, Sinclair Mar

Community Outreach and Engagement

Provides input, recommendations and feedback on Knowledge Network's various outreach and engagement initiatives.

Members: Wendy Heshka (Chair), Kevin Brown, Jan Lindsay, Debbie MacMillan, Sinclair Mar, Mitchell Taylor, Marg Vandenberg

Fund Development and Partnership

Identifies new sources of revenue and serves as ambassadors and strategists for fund development activities and for the development of external relationships.

Members: Marg Vandenberg (Chair), Debbie MacMillan, Anne McMullin, Sheila Orr

Governance

Ensures Knowledge Network develops and implements governance objectives and policies.

Members: Sinclair Mar (Chair), Jan Lindsay, Sheila Orr, Marg Vandenberg

Human Resources

Ensures Knowledge Network's compensation and human resource philosophies and strategies are in keeping with our mission, values, and key goals as well as our legislative and government policy guidelines and requirements.

All members; Nini Baird (Chair)

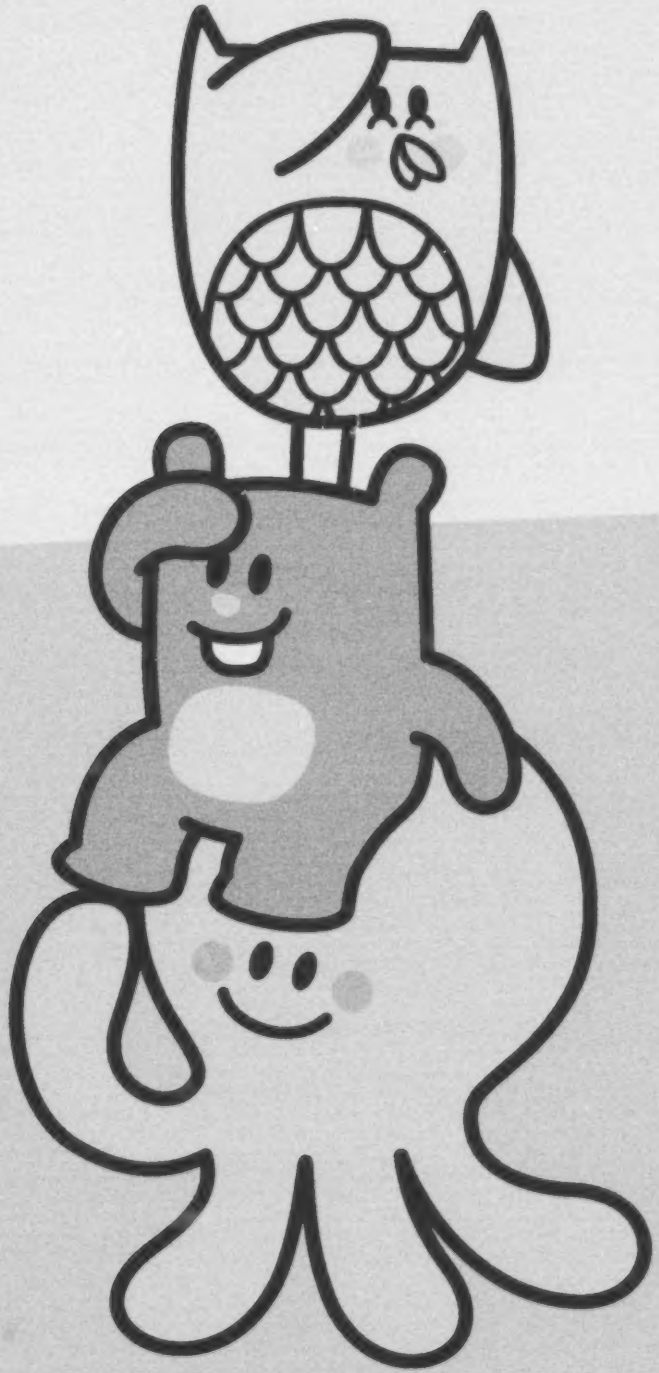
Strategic Planning

Ensures our strategic direction meets the public policy objectives identified in the Knowledge Network Corporation Act.

Members: Nini Baird (Chair), Wendy Heshka, Debbie MacMillan, Sheila Orr, Mitchell Taylor

Report on Performance Goals

Five goals from our strategic plan, *Engaging You, British Columbia* sets the course for strengthening relationships with audiences in the digital world, while continuing to invest in original content and improving long term sustainability. Each year Knowledge Network's management team reviews our performance measures to ensure they reflect the organization's goals and priorities. The management team also reviews data collection, measurement tools and resources. The following report identifies strategies and measures performance against the goals and targets from our 2013/14 to 2015/16 Service Plan.



Lunar Chip and Mole, Knowledge Kids

Benchmarks

The public policy objectives for Knowledge Network are very specific to the needs and circumstances of British Columbia. Each of the four public educational broadcasters in Canada has business models based on provincial government mandates and federal broadcast license conditions. Broadcast measurement tools and policies limit access to competitive audience data from other broadcasters. As a result, comparable data is not currently available.

Knowledge Network has identified performance measures supporting five strategic goals. Using industry standard broadcast measurement tools (including audience ratings, broadcast management software and web analytics), we have established internal benchmarks for all our performance measures.

Risks and Capacity

Knowledge Network Corporation had the capacity levels needed to meet its objectives and operational requirements for the 2013/14 fiscal year. Revenues from the management and operation of BBC Kids funded, in part, a new High Definition channel. Knowledge Network was able to continue to provide high quality programming from British Columbia, Canada and the world in order to serve the interests of our audiences.

Risk	Response
High Definition channel will displace the Standard Definition channel.	Confirmed with broadcast distribution undertakings the continued distribution of Knowledge Network's signal in both SD and HD formats.
Audience fragmentation from asynchronous viewing on multiple platforms.	Acquired a better understanding of web and mobile platforms and social networks in order to inform planning and development of the third generation of Knowledge.ca.
Constraint on program supply for BBC Kids negatively impacts revenue growth.	Received CRTC approval to increase the percentage of animation programming, expanding access to available content.

Goal 1: Expand digital platforms to serve audiences anywhere, anytime.

Strategies

1. Launch a High Definition television channel.
2. Increase viewer access on new mobile platforms, such as the iPad and Android-powered tablet computers.

Performance Measures

In the midst of significant technological changes within our industry and among consumers, Knowledge Network will leverage its digital broadcast platforms to ensure our content is available to our audiences when they want it and where they want it.

Total Reach (TV Audience)

Measured annually for Knowledge Primetime *(6pm to 12am)* and Knowledge Kids *(6am to 6pm, M-F; 6am to 12pm, Sat and Sun)* using data from BBM Canada, the national provider of TV information. Total Reach is the unduplicated number of those viewing at least one minute of programming in the Vancouver Extended Market. The estimate has a margin of error plus or minus 0.6 percentage points, 95% of the time.

Average Weekly Hours Viewed

Measured for Knowledge Primetime *(6pm to 12am)* and Knowledge Kids *(6am to 6pm, M-F; 6am to 12pm, Sat and Sun)* using data from BBM Canada. Averaged over the course of the fiscal year, the total number of hours of Knowledge Network programming viewed per week in the Vancouver Extended Market, gives us Average Weekly Hours Viewed. The estimate has a margin of error plus or minus 0.6 percentage points, 95% of the time.

Web Visits

Measured annually for Knowledge.ca and KnowledgeKids.ca using Google Analytics. Visits are a period of interaction between a visitor's browser and a particular website, ending when the browser is closed.

Web Page Views

Measured annually for Knowledge.ca and KnowledgeKids.ca using Google Analytics. A web page view is a view of a page on a site that is being tracked by a tracking code. There can be one or more web page views per session.

Total Hours on Site

Measured using a customized report that tracks the total aggregate time spent on Knowledge.ca and KnowledgeKids.ca by all visitors in hours.

Goal 1: Expand digital platforms to serve audiences anywhere, anytime. (continued)

Performance Measures		2011/2012 Actuals	2012/2013 Actuals	2013/2014 Forecast	2013/2014 Actuals	2014/2015 Target	2015/2016 Target	2016/2017 Target
TOTAL REACH (TV AUDIENCE)	Knowledge Primetime	2,783,000	2,483,000	2,275,000	2,637,000	2,275,000	2,275,000	2,275,000
	Knowledge Kids	1,926,000	1,775,000	1,600,000	1,842,000	1,700,000	1,700,000	1,700,000
AVERAGE WEEKLY HOURS VIEWED	Knowledge Primetime	1,424,000	1,210,870	1,200,000	1,454,410	1,200,000	1,200,000	1,200,000
	Knowledge Kids	455,000	307,740	375,000	468,546	375,000	375,000	375,000
WEB VISITS	Knowledge.ca	483,861	903,650	890,000	1,044,827	905,000	910,000	915,000
	KnowledgeKids.ca	164,250	477,237	375,000	378,926	375,000	400,000	425,000
	TOTAL	**648,111**	**1,380,887**	**1,265,000**	**1,423,753**	**1,280,000**	**1,310,000**	**1,340,000**
WEB PAGE VIEWS	Knowledge.ca	1,712,000	3,009,248	3,000,000	5,249,000	3,100,000	3,250,000	3,500,000
	KnowledgeKids.ca	403,177	929,951	700,000	732,203	700,000	725,000	730,000
	TOTAL	**2,115,177**	**3,939,199**	**3,700,000**	**5,981,203**	**3,800,000**	**3,975,000**	**4,230,000**
TOTAL HOURS ON SITE	Knowledge.ca	112,916	252,617	305,000	373,061	310,000	315,000	320,000
	KnowledgeKids.ca	50,827	138,105	120,000	124,633	120,000	125,000	130,000
	TOTAL	**163,743**	**390,722**	**425,000**	**497,694**	**430,000**	**440,000**	**450,000**

Performance Summary

Audience growth on Knowledge Network's television and web platforms exceeded expectations for the year. For primetime, we attribute these significant increases to the success of the documentary series *Emergency Room: Life and Death at VGH*. The premiere episodes had an average television audience of 185,000, with the encore presentation bringing in an average audience of 91,000. There were 501,336 video plays on the companion interactive website. The unprecedented audience response to the series on-air and online had a significant and unexpected positive effect on our performance actuals. We are treating this as a one-time occurrence. Our targets continue to be based on performance measures trended over annual historical data.

The launch of Knowledge HD, funded in part by revenues from BBC Kids, has also contributed to the increase in our television audiences. Knowledge Network remained the fourth most watched network in British Columbia increasing its market share to 4.5% in primetime (BBM Canada, Fall 2013, Vancouver Extended Market).

Knowledge Kids continued to offer a safe and trusted environment for kids on television and online. Popular programs with parents and their children included *Paw Patrol*, *Wild Kratts* and *The Little Prince*. Knowledge Kids programs and online games teach young viewers about the world and people around them through cooperation, empathy, friendship and problem solving. The success of *Which Way Back?*, our first children's book, raised awareness across all our platforms, of Knowledge Kids' characters Luna, Chip and Inkie.

Knowledge Kids serves the 2-8 cohort in British Columbia. Our targets continue to be based on performance measures trended over annual historical data, taking into account marginal population growth projections in this demographic.

Goal 2: Commission original British Columbian content in partnership with independent producers for multi-platform delivery.

Strategies

1. Invest in British Columbian stories for distribution on multiple platforms.
2. Develop the intellectual property of the Knowledge Kids' characters, Luna, Chip and Inkie, to create new content for children and families.

Performance Measures

Knowledge Network continues to play a vital role in the development and production of multi-platform content at a time when the industry is challenged by economic pressures. Knowledge Network's access to external project funding together with independent producers' expertise in multi-platform storytelling helps ensure we can share B.C. stories on the platforms consumers' desire.

Investment in Original Multi-Platform Content

Knowledge Network is committed to funding independent productions of original content for television and other media platforms.

Total B.C. Production Budgets

Production budgets for all B.C. projects we have committed to in a fiscal year.

Performance Measures	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Forecast	2013/2014 Actuals	2014/2015 Target	2015/2016 Target	2016/2017 Target
INVESTMENT IN ORIGINAL MULTI-PLATFORM CONTENT	N/A	$850,000	$822,500	$960,280	$850,000	$850,000	$850,000
TOTAL B.C. PRODUCTION BUDGETS	N/A	$2,300,000	$12,000,000	$12,000,000	$2,300,000	$2,400,000	$2,400,000

Performance Summary

Knowledge Network continued to invest in original multi-platform content, supporting the development and production of content that inspires, informs and engages our audiences. This past year our pre-license commitments included *Gloria and Me*, chronicling Gloria Taylor's fight for the legal right to die with dignity by Okanagan-based filmmaker Dave McIlvride; *Just Eat It*, about food waste and food rescue by Vancouver filmmakers Grant Baldwin and Jen Rustemeyer; *If These Mountains Could Talk: A History of Nelson and the Kootenays*, by Nelson-based filmmaker Amy Bohigian; and The *Backward Class*, about the first class of 'untouchable' caste students attempting Indian School Certificate exams for a chance at university education, by Vancouver filmmakers Madeleine Grant and Jessica Cheung.

The budgets for these B.C.-produced documentaries, along with a number of others, are included in our performance measure for Total B.C. Production Budgets. Compared to past years, the actual is significantly higher in 2013/14 due to our support of a new children's series produced by Vancouver-based animation studio Nerd Corps.

Goal 3: Engage audiences through personalized, interactive social experiences.

Strategies

1. Develop interactive initiatives to "pull" viewers into our websites and social networks so that they may engage and interact with our content, complementing the traditional broadcast experience of "pushing" content out.
2. Launch personalization features on our web and mobile platforms that are driven by user preferences that encourage participation, such as personal playlists and schedules, recommendations, polls, ratings and commenting.

Performance Measures

To be sustainable over the long term, Knowledge Network must enhance our ability to engage and attract audiences. By leveraging the most popularly adopted media platforms, we will strengthen our relationship with our 1.4 million weekly viewers by creating personalized experiences with our brand.

Community Events

Number of events hosted and sponsored by Knowledge Network in B.C. communities.

Engagement on Knowledge.ca

We will begin reporting out on the number of registered users on Knowledge.ca in 2014/15.

Number of Games Played at KnowledgeKids.ca

KnowledgeKids.ca is a safe and trusted learning environment for our youngest viewers. Our games teach children about the world and people around them through cooperation, empathy, friendship and problem solving. The number of games played is measured through user interactions with content tracked independently from a web page or screen load using Google Analytics.

Goal 3: Engage audiences through personalized, interactive social experiences. (continued)

Performance Measures	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Forecast	2013/2014 Actuals	2014/2015 Target	2015/2016 Target	2016/2017 Target
COMMUNITY EVENTS	8	8	12	15	8	8	8
REGISTERED USERS ON KNOWLEDGE.CA	N/A	N/A	N/A	N/A	BENCHMARK YEAR	TBD	TBD
NUMBER OF GAMES PLAYED AT KNOWLEDGEKIDS.CA	N/A	539,113	427,000	464,474	465,000	470,000	475,000

Performance Summary

It was an extraordinary year for community events, with a number of Knowledge commissions premiering in 2013/14. Knowledge Network visited numerous British Columbian communities to meet our Knowledge Partners, support local filmmakers and share the story of Knowledge Network's growth and transformation. Events included:

- Burnaby - Knowledge Network broadcast season launch event
- Kamloops - Kamloops Canadian and International Film Festival featuring the Knowledge Network commissioned documentary *The World Before Her*
- Nelson - Filmmakers' Workshop and Competition
- Prince Rupert – President and CEO Presentation
- Smithers - President and CEO Presentation
- Surrey - Canada Day Festival featuring Knowledge Kids
- Vancouver - DOXA Documentary Film Festival featuring the Knowledge Network commissioned documentary *Father Figures*
- Vancouver - *Emergency Room: Life and Death at VGH* premiere screening
- Vancouver - *Take Me Home* premiere screening
- Vancouver - *The Tipping Points* screening
- Vancouver - *Working People: A History of Labour in British Columbia* premiere screening
- Vancouver - Vancouver International Film Festival featuring the Knowledge Network commissioned documentary *Oil Sands Karaoke*
- Vancouver - Knowledge Partner event (1)
- Victoria - Knowledge Partner events (2)

Knowledge Network exceeded the forecast for number of games played at KnowledgeKids.ca, which we attribute to the addition of new games featuring popular characters and increased marketing efforts to parents. Our online games teach young viewers about the world and people around them through cooperation, empathy, friendship and problem solving. Popular games included *Peep and the Big Wide World*, *Snowflake Fun* and *Campfire Tales*. We will begin reporting out on our performance measure for registered users on Knowledge.ca in 2014/15 following the launch of the third generation of Knowledge.ca in May 2014. The new site will increase engagement through expanded content offerings, personalization features and interactive experiences.

Goal 4: Strengthen the Knowledge Network brand story and share it.

Strategies

1. Brand Knowledge Network as British Columbia's multi-channel, multi-platform, commercial-free public service; and strengthen its appeal as an organization with charitable status.
2. Broaden awareness of the Knowledge Kids by participating in events targeted at children and families.
3. Improve the presence and visibility of Knowledge Network throughout the province with events in and outreach to B.C.'s diverse cultural communities.

Performance Measure

Knowledge Network will strengthen its position as British Columbia's valued public broadcaster through identification of Knowledge Network as a broadcasting service dedicated to serving audiences anywhere, anytime.

Public Awareness of British Columbia's Knowledge Network

We conduct research each spring using Ipsos Reid's B.C. Reid Express Omnibus Surveys to measure awareness of Knowledge Network in British Columbia. The study is completed through an online survey using a random sample consisting of Ipsos Canadian panel members who are B.C. residents and are at least 18 years of age. The sample is balanced to be representative of the B.C. population according to Statistics Canada on age, gender, income and education. The estimate is significance-tested at the 95% confidence level.

Performance Measure	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Forecast	2013/2014 Actuals	2014/2015 Target	2015/2016 Target	2016/2017 Target
PUBLIC AWARENESS OF BRITISH COLUMBIA'S KNOWLEDGE NETWORK	N/A	N/A	BENCHMARK YEAR	66%	66%	66%	66%

Performance Summary

In previous years, Knowledge Network has measured brand awareness through omnibus surveys that asked an unaided question. The results were fairly consistent with approximately one quarter of respondents in British Columbia being able to name Knowledge Network with no indicators provided. This approach is traditionally used by large consumer brands that are highly competitive, reaching consumers primarily through advertising. As a commercial-free public service, this approach was not providing us with useful information we could incorporate into communications and outreach plans. As a result, we have redesigned the survey with an aided question to better align with our marketing efforts and resources. 2013/14 was our benchmark year, with 66% of respondents answering yes to the question, *"Have you heard of British Columbia's Knowledge Network?"*.

Exponential growth in content choices in the digital world are fragmenting audiences. Based on business plans and resources, maintaining current brand awareness levels will be challenging in this competitive environment. The target of 66% includes marginal projected population growth within the 55+ demographic.

In the case of our Knowledge Kids brand, young children move into our target demographic while older children move on. To maintain the audience base, our focus is on reaching new parents when Knowledge Kids offerings are most relevant to them.

Goal 5: Increase revenue though entrepreneurial and philanthropic initiatives.

Strategies

Philanthropic

1. Convert a larger percentage of our 1.4 million weekly viewers to donors by employing new solicitation tactics enabled by our constituent relationship management database.
2. Retain current donors by strengthening relationships though personalized stewardship, increased interaction online and at face to face events, resulting in a higher renewal rate, increased gift size and more additional gifts.
3. Continue our Major Gift and Legacy Gift programs with individual donors.
4. Identify and develop opportunities for corporate financial support.

Entrepreneurial

1. Explore revenue generating opportunities for expanded carriage of the Knowledge Network signal in new markets.
2. Develop partnership opportunities that leverage our broadcasting strengths and align with our competencies.

Performance Measures

Knowledge Network continues to improve its long term sustainability. We are building on the success of the BBC Kids channel acquisition by seeking out new opportunities to generate entrepreneurial revenue that can, in turn, support the public service. The new technology systems we now have in place will allow us to expand our philanthropic initiatives in ways that previously were not viable.

Revenue Generated by Knowledge Partner Donations

Measured by tracking total Knowledge Partner donations received annually.

Revenue Generated by Entrepreneurial Initiatives

Overall revenue generated from the management and operation of BBC Kids is tracked annually.

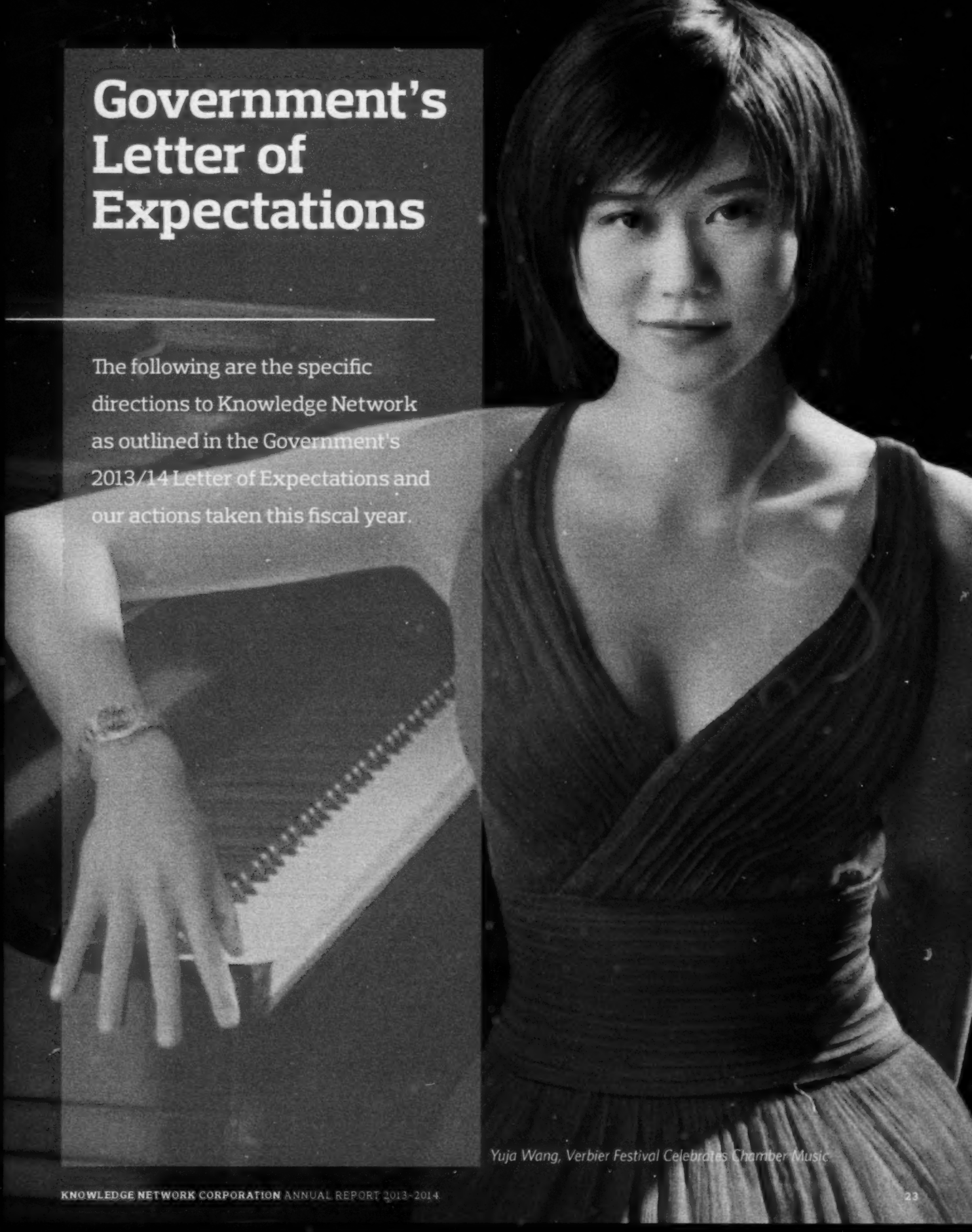
Performance Measures	2011/2012 Actuals	2012/2013 Actuals	2013/2014 Forecast	2013/2014 Actuals	2014/2015 Target	2015/2016 Target	2016/2017 Target
KNOWLEDGE PARTNER DONATIONS	$3,086,705	$3,413,181	$3,400,000	$3,490,069	$3,425,000	$3,425,000	$3,425,000
ENTREPRENEURIAL INITIATIVE REVENUES	$150,000	$350,000	$550,000	$550,000	$550,000	$550,000	$550,000

Performance Summary

Knowledge Partners contributed a record $3,490,069 in donations, a 2.1% increase over last year. We attribute this success to the ongoing stewardship of our loyal donors who continue to value our distinctive commercial-free programming. After a period of strong growth, we are now transitioning to a period of moderate growth. As a result, we continue to forecast conservatively for the years ahead. The Blackbaud Index Canada reveals an industry-wide decrease in charitable giving in Canada from 2013 to 2014. The long-term trend in the charitable sector is larger gifts from a declining number of donors. Revenues from the management and operation of BBC Kids, our Canadian subscription children's channel were on target.

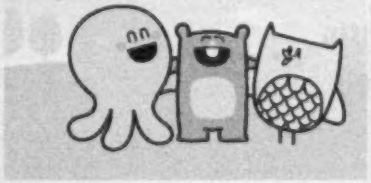
Government's Letter of Expectations

The following are the specific directions to Knowledge Network as outlined in the Government's 2013/14 Letter of Expectations and our actions taken this fiscal year.



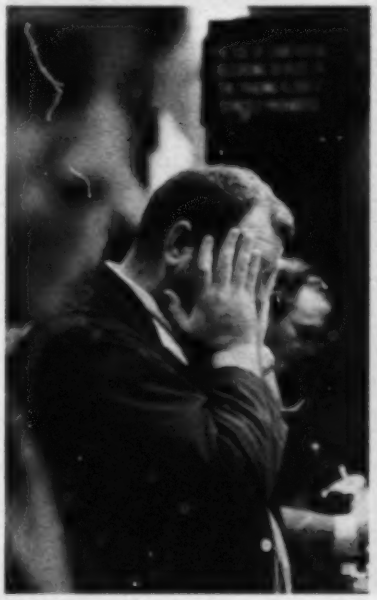
Yuja Wang, Verbier Festival Celebrates Chamber Music

Government Direction	Knowledge Network Actions
Expand digital platforms to serve audiences anywhere, anytime;	Launched **Knowledge Network HD** in October 2013. Launched improved **mobile sites** for Knowledge Kids and BBC Kids.
Commission original British Columbian content in partnership with independent producers for multi-platform delivery;	Engaged B.C. independent production and new media sectors through development, commissions, pre-licenses and outreach including: ***Emergency Room: Life and Death at VGH, Foncie's Photos, Take Me Home, Working People: A History of Labour in British Columbia*** ***Which Way Back?***, a best-selling children's storybook featuring Luna, Chip and Inkie was released in September 2013. A new series of Knowledge Kids online games featuring **Luna, Chip and Inkie** was commissioned to A.C.R.O.N.Y.M. Digital, a British Columbian video game company. Our ongoing investment in original content resulted in B.C. independent producers having access to **$960,280** from Knowledge Network's Canada Media Fund allocation. We hosted a **filmmakers' competition and workshop** in Nelson, B.C. and awarded a local filmmaker, Amy Bohigian, a $30,000 Knowledge Network documentary commission for a series of historical shorts about the Kootenays.
Engage audiences through personalized, interactive social experiences;	In collaboration with B.C.'s Lark Productions, launched ***Emergency Room: Life and Death at VGH***, a ground-breaking multi-platform project following a dedicated medical team within Vancouver General Hospital. British Columbians' shared their scar stories, contributed to health care discussions and debates and engaged with our interactive pulse questions. Launched ***Foncie's Photos***, a multi-platform project, featuring the story and photos of Foncie Pulice. The documentary, by local filmmaker Melanie Wood, showcases the Vancouver street photographer who, for 45 years, took candid shots of people strolling Granville Street. Over 3000 photographs were uploaded to the interactive website by British Columbians. Continued development on the third generation of **Knowledge.ca** with new features to increase personalization and engagement with British Columbians. The new site is scheduled to launch in May 2014.
Strengthen the Knowledge Network brand story and share it; and,	Hosted **screenings** of *Emergency Room: Life and Death at VGH, Take Me Home, Working People: A History of Labour in British Columbia, Midsomer Murders* and *The Tipping Points*. Knowledge Kids participated in the **Surrey Canada Day Festival** reaching out to thousands of British Columbian families. Supported the **DOXA Film Festival**, the **Kamloops Canadian and International Film Festival**, and the **Vancouver International Film Festival**. The President and CEO made presentations to the Chambers of Commerce in **Prince Rupert** and **Smithers**.
Increase revenue through entrepreneurial and philanthropic initiatives.	Maintained and improved **BBC Kids**, our co-venture with BBC Worldwide to operate a commercial-free Canadian subscription children's channel. Continued development of personal account management and functionality for **Knowledge Partners**. New features are expected in May 2014. Engaged in a number of successful **media partnerships** with messages in the public interest including Metro Vancouver's Create Memories, Not Garbage, B.C. Securities Commission's Be Fraud Aware, B.C. Centre for Disease Control's Do Bugs Need Drugs, Elections B.C.'s Election awareness and Encorp's Drink Box campaign.



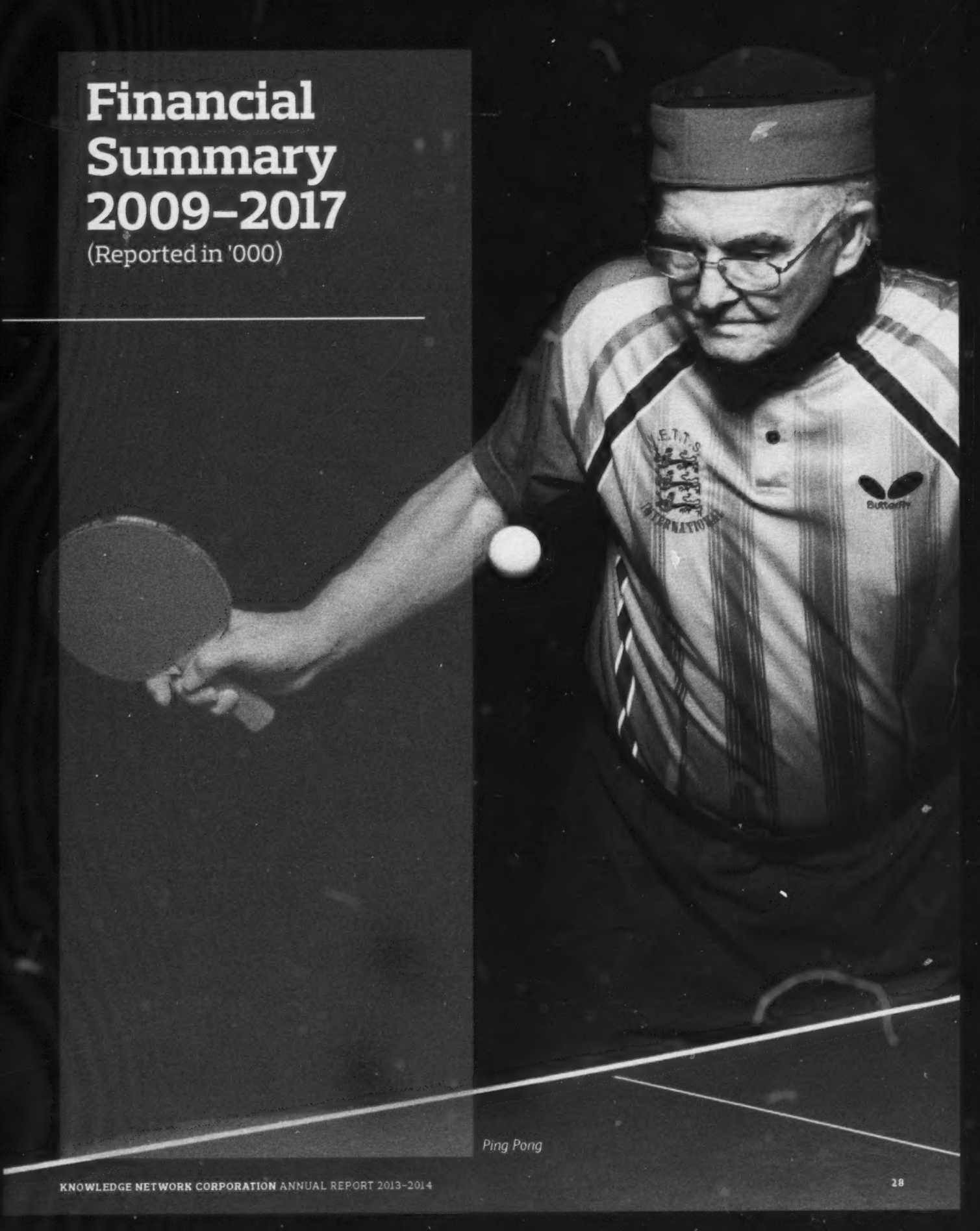
Government Direction	Knowledge Network Actions
Public literacy television and internet programming focussing on the challenges facing the province including:	
Seniors' demographic shifts;	Continued to offer commercial-free programs for boomers and seniors who are underserved by other broadcasters in B.C.'s mainstream television market. Highlights include: ***Father Figures*** – A Canadian filmmaker examines her 73-year-old father's romantic relationship with 23-year-old woman from the Philippines. ***Emergency Room: Life and Death at VGH*** – Knowledge Network's most ambitious, multi-platform commissioned project ever. The documentary examines the major health care issues facing British Columbians as well as the current state of health care delivery in British Columbia.
Early learning initiatives;	Programming on Knowledge Kids and KnowledgeKids.ca supports early learning development. Programs with a literacy focus include: ***Franklin, Guess How Much I Love You***, ***Jungle Book***, ***Martha Speaks***, ***Pinky Dinky Doo*** and ***Word World***. Released ***Which Way Back?***, our first-ever Knowledge Kids picture book featuring Luna, Chip and Inkie. The book by B.C. writer Michael Mayes and B.C. illustrator Rory O'Sullivan, was distributed by B.C.-based commercial publisher Figure 1.
Asian trade and cultural awareness;	Continued to acquire content from the Asia Pacific region for our East is East branded strand. Highlights include: ***China: Triumph and Turmoil*** – A look at China's growing global presence and aggressive nationalism. ***Forbidden Tomb of Genghis Khan*** – Follows a surprising archeological discovery about the infamous conqueror's final resting place. ***The Frankincense Trail*** – Four-part series tracing the 2,000-mile journey across the Middle East along the ancient frankincense trail. ***From C to C: Chinese Canadian Stories of Migration*** – Explores the experience of migration on Chinese families over the last century and how they were impacted by the Head Tax and Exclusion Act. ***Hidden Cities of Asia*** – 12-part series exploring Asia's ancient relics and untold stories. ***Inside the Emperor's Treasure*** – A behind-the-scenes looks at Taiwan's National Place Museum collection. ***Kimono*** – Tells the story of the kimono, a symbol that unites the generations and mirrors the history of Japanese culture. ***Singapore 1942: End of Empire*** – Tells the story of the fall of Singapore in 1942. ***The World Before Her*** – Follows young women on completely divergent paths in the new, modern India: contestants vying for the title of Miss India, and fierce Hindu nationalists prepared to kill and die for their beliefs. ***Wild China*** – Unprecedented access into this most enigmatic of countries to reveal a land of astonishing natural beauty.

Government Direction	Knowledge Network Actions
Health care sustainability;	Continued to acquire content for television and the web that educates children and adults about healthy living. Highlights include: ***Call Me Average*** – an intimate portrait of artist Joe Average and his indomitable will to live and create art despite a 20-year battle with HIV. ***Chemo*** – A rare and personal look into life at an oncology clinic in Warsaw, where patients receive chemotherapy treatment. ***Emergency Room: Life and Death at VGH*** – Knowledge Network's most ambitious, multi-platform commissioned project ever. The six-part documentary series and interactive website shares the stories of women and men who support, manage and work in the emergency department at Vancouver General Hospital. ***Hear and Now*** – A filmmaker chronicles her deaf parents' decision to undergo risky cochlear implant surgery, and follows their touching journey from a comfortable marriage of silence into a new and challenging world of sound. ***It's a Boy*** – A look at the medical, religious and personal controversies surrounding male circumcision. ***Monkey See Monkey Do*** – Encourages children to get-up and dance along with the on screen action. ***Tree Fu Tom*** – Encourages children to help Tom save the day by performing Tree Fu exercises. ***War in the Mind*** – Explores how Canadian soldiers are coping with post-traumatic stress disorder and how initiatives are helping to erase the stigma surrounding it.
First Nations communities, culture and issues;	Continued to showcase aboriginal programming from local, national and global perspectives. Highlights include: ***From Bella Coola to Berlin*** – Explores the story of one of the indigenous groups brought to Germany, between 1870 and 1932, and exhibited in zoos and theatres. ***Our First Voices*** – First Nations communities across British Columbia are working to revitalize and preserve their languages for future generations. ***Pushing the Line: Art without Reservations*** – Examines the vibrant and engaging world of west coast aboriginal artists who challenge boundaries of traditional art. ***Smoke Traders*** – Told from a First Nations perspective, this documentary looks at the contraband tobacco trade and its effect on individual lives and communities. ***Take Me Home*** – A collection of shorts profiling British Columbians and what "home" means to them. Subjects include: Sonny Assu and Jan Wade.
Challenges facing the environment, including climate change;	Continued to educate British Columbians on challenges facing the environment, including climate change. Highlights include: ***Earth Days*** – Traces the origins of the modern environmental movement in America. ***The End of the Line*** – Examines the devastating impact of overfishing on our oceans. ***Galapagos*** – A look at the Galapagos Islands, a fascinating microcosm of natural life and home to some of the most astonishing creatures found anywhere on Earth. ***How to Grow a Planet*** – The story of how plants have, time and again, set the agenda for life and growth on our planet. ***No Impact Man*** – Follows Colin Beavan and his family during their year-long experiment to have a sustainable lifestyle with zero impact on the environment. ***Orbit: Earth's Extraordinary Journey*** – Travel to places around the globe to experience spectacular weather and the largest tides on earth.

Government Direction	Knowledge Network Actions
Economic issues 	Continued to acquire and broadcast documentaries on economic issues from local, national, and global perspectives. Highlights include: ***Enron: The Smartest Guys in the Room*** – Chronicles how top executives of America's seventh largest company walked away with more than one billion dollars, while investors and employees lost everything. ***Inside Job*** – Provides a comprehensive analysis of the global financial crisis of 2008, and the relationships that have corrupted politics, regulations and academia. ***The Take*** – In the wake of Argentina's economic collapse in 2011, Latin America's most prosperous middle class finds itself in a ghost town of abandoned factories and mass unemployment. Knowledge offered an encore presentation of our successful anthology series exposing the realities of the West's economic challenges. Program titles included: ***Goldman Sachs: The Bank that Runs the World*** – An insider's look into Goldman Sachs, whose secret inner workings played a key role in the financial collapse of 2008. ***The Great Euro Crash*** – Can the dream of an economically united Europe survive? ***Money, Power and Wall Street*** – As Wall Street innovated, its revenues skyrocketed, and financial institutions of all stripes tied their fortunes to one another. ***Park Avenue: Money, Power and the American Dream*** – Explores how the classic "American Dream" is becoming more and more elusive as the rich are increasingly able to influence laws and policy to their favour. ***The Party's Over: How the West Went Bust*** – Examines the reasons behind the 2008 financial crash and whether it was just a symptom of the seismic economic shift that was on its way.
Explore ways to expand opportunities for students though collaboration with public post-secondary institutions and Kindergarten –Grade 12 schools offering media, digital arts and other relevant programs	Knowledge Network President and CEO participated in the School of Business and Economics Dean's Speaker Series at **Thompson Rivers University**. The President and CEO and the Director of Independent Production and Presentation participated in the **TELUS' Summer Visions Film Institute** speaking to youth filmmakers, mentors and instructors aged 15-25. Recruited two interns from **Capilano University**'s Interactive Design Program. Recruited an intern from **BCIT**'s Broadcast Journalism Management Program.
Build on the foundation of quality documentary programming by collaborating with partners, including the Ministry, to explore options to showcase and encourage public dialogue	Partnered with **Vancouver Coastal Health** in the production of *Emergency Room: Life and Death at VGH*, a six-part documentary series showcasing the heroes inside Vancouver General Hospital's emergency department. Partnered with the **Ministry of Community, Sport and Cultural Development** in the commission of *Take Me Home*, a series of short films designed to celebrate B.C. through its prominent artists and athletes. Partnered with the **Labour Heritage Centre** and the **Vancouver Foundation** in the commission of *Working People: A History of Labour in British Columbia*, a series of short films sharing the amazing stories of workers, industries and events spanning three centuries of British Columbia's history. Partnered with the **Museum of Vancouver** on an exhibit featuring *Foncie's Photos* including photos, artifacts and the documentary shorts from Knowledge Network.
Comply with Government's directions on climate change and carbon neutrality	**Educating British Columbians** about the issues of climate change, conservation and sustainability. **Media Partnerships**, working with organizations with messages about conservation or sustainability for broadcast on Knowledge Network. **Knowledge Magazine** is printed on FSC paper (FSC Forestry Stewardship Council).

Financial Summary 2009–2017

(Reported in '000)

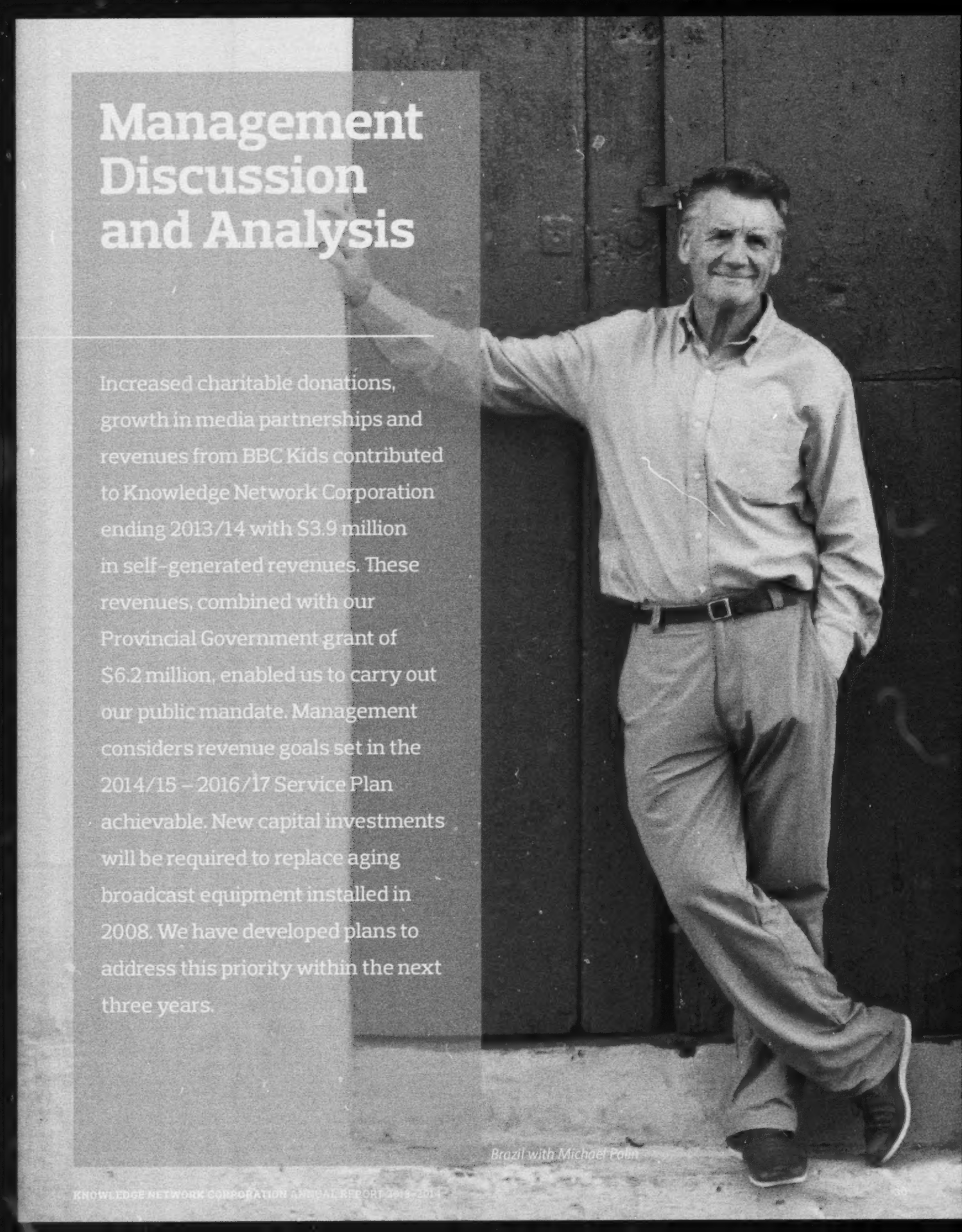


Ping Pong

	2009/10 Actuals	2010/11 Actuals	2011/12 Actuals	2012/13 Actuals	2013/14 Actuals	2013/14 Budget	Budget Variance	Year Variance	2014/15 Target	2015/16 Target	2016/17 Target
Provincial Operating and Other Grants	6,972	6,504	6,410	6,410	**6,260**	6,260	0	(150)	6,260	6,260	6,260
Donations and Sponsorships	2,351	2,902	3,160	3,439	**3,531**	3,425	106	92	3,450	3,450	3,450
Subsidiary Operations	0	0	1,310	1,430	**1,387**	1,394	(7)	(43)	1,372	1,372	1,372
Other Revenue	97	117	157	306	**428**	358	71	122	328	328	328
Amortization of Deferred Contributions	431	442	461	353	**472**	131	341	119	244	244	244
Total Revenues	**9,850**	**9,965**	**11,498**	**11,938**	**12,079**	**11,568**	**511**	**140**	**11,653**	**11,653**	**11,653**
Salaries and Benefits	3,875	3,936	4,032	4,176	**4,340**	4,145	194	164	4,244	4,244	4,244
Ammortization of Capital Assets and Broadcast Rights	2,499	2,912	2,959	3,058	**3,235**	3,331	(96)	177	3,423	3,423	3,423
Marketing and Development	832	1,005	963	1,089	**1,166**	990	176	77	1,147	1,147	1,147
Subsidiary Operations	0	157	756	836	**960**	974	(13)	124	1,017	1,017	1,017
Programming and Presentation	533	596	582	584	**569**	508	61	(15)	579	579	579
Broadcast Platforms and Corporate IT	778	868	785	864	**989**	764	225	125	650	650	650
General	31	152	102	82	**60**	352	(292)	(22)	107	107	107
Administration	542	459	452	375	**418**	419	(1)	43	429	429	429
Total Expenses	**9,090**	**10,085**	**10,632**	**11,063**	**11,737**	**11,484**	**253**	**673**	**11,595**	**11,595**	**11,595**
Endowment Contributions	0	282	209	298	**338**	200	138	40	200	200	200
Surplus (Deficit) from Operations	**760**	**162**	**1,074**	**1,172**	**680**	**284**	**396**	**(493)**	**258**	**258**	**258**
Capital Assets and Broadcast Rights Acquired	3,151	2,497	2,479	4,312	**4,501**	4,271	40	190	3,623	3,623	3,623
Total Debt	0	0	0	0	0	0	0	0	0	0	0
Accumulated Surplus from Operations (PSAB guidelines effective 2010/2011)	**N/A**	**8,890**	**9,964**	**11,137**	**11,817**	**11,421**			**12,074**	**12,332**	**12,590**

Management Discussion and Analysis

Increased charitable donations, growth in media partnerships and revenues from BBC Kids contributed to Knowledge Network Corporation ending 2013/14 with $3.9 million in self-generated revenues. These revenues, combined with our Provincial Government grant of $6.2 million, enabled us to carry out our public mandate. Management considers revenue goals set in the 2014/15 – 2016/17 Service Plan achievable. New capital investments will be required to replace aging broadcast equipment installed in 2008. We have developed plans to address this priority within the next three years.



Brazil with Michael Palin

Provincial Operating and Other Grants

Year variance of ($150k) pertains to a reduction of the annual operating grant.

Donations and Sponsorships

Donations in 2013/14 were $106k more than budget, and $92k more than last fiscal. Our Knowledge Partners continue to show strong support for our programming.

Subsidiary Operations - Revenue

Subscription fees for BBC Kids continue to decrease due to a shift away from cable to other means of broadcast options. This results in a budget variance of ($7k) and year variance of ($43k).

Other Revenue

The budget variance of $71k is caused by foreign currency gains and a group benefits reimbursement that were not budgeted. The year variance of $122k results from increased management fees earned.

Amortization of Deferred Contributions

The budget variance of $341k is due to the recognition of revenue, to offset amortization costs for commissions and original productions, that were not originally budgeted.

The amounts recognized, in addition to budget, relates to:

Capital Assets	122,003
Emergency Room: Life and Death at VGH	36,181
Take Me Home	37,500
Tom Thomson	22,072
Artists in a Minute	56,488
First Voices	33,888
Various Others	12,954
	321,086

The year variance of $119k pertains to completion of new productions in 2013/14: *Take Me Home* and *Emergency Room: Life and Death at VGH*.

Salaries and Benefits

The budget variance of $194k, and year variance of $164k, are due to retroactive payments related to the Co-Operative Gains Mandate (provides public sector employers with the ability to negotiate modest wage increases through productivity gains or through savings within existing budgets, resulting in actual increases in compensation), and increased costs related to employee benefits.

Amortization of Capital Assets and Broadcast Rights

Actual amortization on capital assets was ($68k) less than estimated, and amortization on broadcast rights was ($28k) less than budgeted for a total of ($96k). The year variance of $177k results from significantly increasing assets over the last two years with commissioned content and upgrades to a High Definition signal.

Marketing and Development

The budget variance of $176k is due to these activities that were not budgeted at the start of the year:

Costs related to *Take Me Home, Emergency Room: Life and Death at VGH*, and events	75,504
Employee related costs	57,575
Annual fee for viewership measurement services	24,198
Travel related to B.C. road tours and events	11,600
K: Magazine printing costs	8,219
	177,096

The year variance of $77k results from increased employee related costs.

Subsidiary Operations - Expenses

The ($13k) budget variance is due to a reduction in staffing costs. The year variance of $124k is due to increased amortization expense on broadcast rights, as the investment in broadcast inventory has been significantly increased since operations commenced; and for income tax due to a new CRA ruling.

Programming and Presentation

The budget variance of $61k is related to higher costs for captioning, and additional branding activities that were not originally budgeted. The year variance of ($15k) is related to branding activities conducted in 2012/13.

Broadcast Platforms and Corporate IT

The budget variance of $225k is due to:

Transition to high definition signal transmission	74,070
Broadband costs related to the popularity of our online platform	53,100
Development of Knowledge.ca	79,350
Increased software maintenance costs	12,902
	219,422

The year variance of $125k is due to new upgrade costs for high definition signal, broadband costs, and new website development costs.

General

The budget variance of ($292k) is a result of contingency budgets that were not allocated for expense activities until later on during the year, once after the new plans were developed.

The year variance of ($22k) is due to costs of computers, printers, and other equipment purchased in 2012/13.

Administration

The year variance of $43k is due to increased building operating costs by $30k, and various other costs.

Administration costs are detailed as:

Building lease and operating costs	248,462
Finance and Human Resources	77,385
President's Office and Board of Directors	46,384
Corporate training	45,603
	418,284

Endowment Contributions

Endowment contributions are held in trust to advance public broadcasting initiatives, and are shown here in accordance with new Public Sector Accounting guidelines. The budget variance of $138k results from a single donation of $108k. This significant donation is also the cause of the $40k year variance.

Capital Assets and Broadcast Rights Acquired

The $40k budget variance is due to expenses for upgrading to high definition signal costs being more than budget. The year variance of $190k is due to the completion of new productions that were added to inventory.

Subsidiary Summary Information

Knowledge-West Communications Corporation (KWCC) was incorporated in 1981 and is owned in part by Knowledge Network Corporation. KWCC owns and operates BBC Kids, a Canadian subscription children's channel. The CRTC approved KWCC's acquisition of assets for BBC Kids in April 2011. BBC Kids is a commercial-free service reinforcing the values of both Knowledge Network Corporation and the BBC. KWCC financial results are consolidated under Knowledge Network Corporation's audited financial statements.

Knowledge–West Communications Corporation

Board of Directors

Nini Baird, C.M.	**Chair**
Mitchell Taylor	**Vice-Chair**
Rudy Buttignol	**Director**
Jeffrey Lee	**Secretary and Financial Officer**
Ann Sarnoff	**Director**

Senior Management

Rudy Buttignol	**President of BBC Kids**
Lisa Purdy	**Channel Director of BBC Kids**

Location

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Burnaby, BC Canada V5G 4S8
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Toll Free: 1.877.456.6988

For more information on BBC Kids, visit: www.bbckids.ca

Thank You Knowledge Partners

More than 70% of our broadcast schedule is funded by donations from our Partners. This allows Knowledge Network to offer programs that nurture the voices, values and experiences of British Columbia. In addition, the generous bequest and estate gifts to the Knowledge Endowment will go a long way to ensuring that future generations have access to unique and high quality commercial-free programming. We are truly grateful for our Partners encouragement and financial support.

Jill Barber, Take Me Home

Thank you to all our Knowledge Partners. While space does not permit listing all 38,000 Partner names, we would like to acknowledge the generous support of our Leadership Circle and Endowment contributors.

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Jean Elizabeth Kõdar
Tad Letson
Dr. Reginald H. Roy
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Patricia H. Wagner
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Richard von Kleist
Harry and Patricia Wagner
H.A. Washington
Trudi Westermann
H. Wilhelm
Eileen Wright
Anonymous (177)
Harry & Patricia Wagner
H.A. Washington
Trudi Westermann
H. Wilhelm
Eileen Wright
Anonymous (175)

Appendix A: 2013/14 Audited Financial Statements

Management's Report

Management's Responsibility for the Consolidated Financial Statements

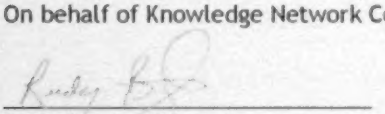
The consolidated financial statements have been prepared by management in accordance with the basis of accounting described in Note 2 to the consolidated financial statements, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

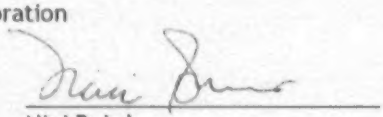
The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal consolidated financial statements on a quarterly basis and external audited consolidated financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Knowledge Network Corporation and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of Knowledge Network Corporation



Rudy Buttignol
President and Chief Executive Officer



Nini Baird
Chair of the Board

May 16, 2014

Knowledge Network Corporation
Consolidated Financial Statements
For the year ended March 31, 2014

Knowledge Network Corporation
Consolidated Financial Statements
For the year ended March 31, 2014

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Independent Auditor's Report

To the Board of Directors of the
Knowledge Network Corporation

We have audited the accompanying consolidated financial statements of Knowledge Network Corporation, which comprise the Consolidated Statement of Financial Position as at March 31, 2014 and the Consolidated Statements of Operations, Remeasurement Gains and Losses, Changes in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of Knowledge Network Corporation as at March 31, 2014 and the results of its operations, changes in remeasurement gains and losses, net financial assets and its cash flows for the year then ended are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the consolidated financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 17 to the consolidated financial statements discloses the impact of these differences.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 16, 2014

Knowledge Network Corporation
Consolidated Statement of Financial Position

March 31	2014	2013
Financial Assets		
Cash (Note 3)	$ 537,142	$ 753,494
Accounts receivable (Note 10)	1,173,133	1,555,571
Portfolio investments (Note 3)	2,203,466	2,222,269
Income taxes receivable	-	70,596
	3,913,741	4,601,930
Liabilities		
Accounts payable and accruals	649,494	962,772
Income taxes payable (Note 8)	40,242	-
Deferred revenue, projects	282,775	1,027,449
Deferred contributions (Notes 6 and 7)	2,686,319	2,408,959
	3,658,830	4,399,180
Net Financial Assets	254,911	202,750
Non-Financial Assets		
Broadcast rights (Note 5)	8,953,490	8,311,314
Tangible capital assets (Note 4)	2,760,120	2,641,797
Prepaid expenses	50,702	77,832
	11,764,312	11,030,943
Accumulated Surplus (Note 15)	$12,019,223	$ 11,233,693
Accumulated surplus represented by:		
Accumulated surplus	$11,816,577	$ 11,136,923
Accumulated remeasurement gains and losses	202,647	96,770
	$12,019,224	$ 11,233,693

Commitments (Note 9)

Approved on behalf of:

Chair of the Board

President and Chief Executive Officer

The accompanying notes are an integral part of these financial statements.

Knowledge Network Corporation
Consolidated Statement of Operations

For the year ended March 31	Budget (Note 16)	2014	2013
Revenue			
Province of British Columbia Operating grants	$ 6,259,506	$ 6,259,506	$ 6,409,512
Donations and sponsorships	3,425,000	3,531,289	3,439,010
Specialty TV channel subscription fees	1,394,400	1,387,422	1,430,467
Amortization of deferred capital contributions (Notes 6 and 7)	131,185	472,089	352,916
Other	357,500	428,256	306,295
	11,567,591	12,078,562	11,938,200
Expenses			
Programming and presentation	1,691,638	1,850,204	1,670,464
Marketing and development	1,880,071	2,150,711	1,947,395
Broadcast platforms and corporate IT	2,079,886	2,252,754	2,120,474
General	3,682,657	3,294,347	3,263,934
Administration	1,176,062	1,228,671	1,224,844
Specialty TV channel	973,507	960,106	836,378
	11,483,821	11,736,793	11,063,489
Annual surplus from operations excluding endowment contributions	83,770	341,769	874,711
Endowment contributions	200,000	337,885	297,767
Annual surplus for the year	283,770	679,654	1,172,478
Accumulated surplus, beginning of year	11,136,923	11,136,923	9,964,445
Accumulated surplus, end of year	$11,420,693	$11,816,577	$ 11,136,923

The accompanying notes are an integral part of these financial statements.

Knowledge Network Corporation
Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31	2014	2013
Accumulated remeasurement gains, beginning of year	$ 96,770	$ 59,595
Unrealized gains (losses) attributable to portfolio investments	(16,770)	62,805
Amounts reclassified to statement of operations:		
Realized gain (loss) on portfolio investments	122,647	(25,630)
Net remeasurement gains for the year	105,877	37,175
Accumulated remeasurement gains, end of year	$ 202,647	$ 96,770

The accompanying notes are an integral part of these financial statements.

Knowledge Network Corporation
Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	Budget (Note 16)	2014	2013
Annual surplus	$ 283,770	$ 679,654	$ 1,172,478
Remeasurement gains for the year	-	105,877	37,175
	283,770	785,531	1,209,653
Acquisition of tangible capital asset	(586,000)	(511,618)	(203,933)
Amortization of tangible capital assets	403,705	393,295	371,973
	(182,295)	(118,323)	168,040
Acquisition of broadcast rights	(3,502,000)	(3,966,290)	(4,048,898)
Amortization of broadcast rights	2,660,715	3,324,113	2,944,443
	(841,285)	(642,177)	(1,104,455)
Acquisition of prepaid expenses	-	(50,702)	(77,833)
Use of prepaid expenses	-	77,832	5,957
	-	27,130	(71,876)
Increase (decrease) in net debt	(739,810)	52,161	201,362
Net financial assets, beginning of year	202,750	202,750	1,388
Net financial assets (net debt), end of year	$ (537,060)	$ 254,911	$ 202,750

The accompanying notes are an integral part of these financial statements.

Knowledge Network Corporation
Consolidated Statement of Cash Flows

For the year ended March 31	2014	2013
Cash provided (used) by		
Operating transactions		
Annual surplus from operations	$ 679,654	$ 1,172,478
Items not involving cash		
Gain (loss) on sale of investments	122,647	(25,630)
Amortization of deferred capital contributions	(472,089)	(352,916)
Amortization of capital assets	393,295	371,973
Amortization of broadcast rights	3,324,113	2,944,443
Change in non-cash operating working capital	(537,547)	(386,596)
	3,510,073	3,723,752
Financing transaction		
Contributions received for broadcast rights	749,449	-
Investing transaction		
Redemption (purchase) of portfolio investments	2,034	(325,984)
Capital transactions		
Purchase of capital assets	(511,618)	(203,933)
Purchase of broadcast rights	(3,966,290)	(4,048,898)
	(4,477,908)	(4,252,831)
Decrease in cash for the year	(216,352)	(855,063)
Cash, beginning of year	753,494	1,608,557
Cash, end of year	$ 537,142	$ 753,494
Change in non-cash operating working capital		
Accounts receivable	$ 382,438	$ (185,663)
Prepaid expenses	27,129	(71,876)
Accounts payable and accruals	(313,278)	14,619
Income taxes receivable/payable	110,838	(182,783)
Deferred revenue, projects	(744,674)	39,107
	$ (537,547)	$ (386,596)

The accompanying notes are an integral part of these financial statements.

Knowledge Network Corporation
Consolidated Schedule of Segment Disclosure

For the year ended March 31

	Programming and Presentation	Marketing and Development	Broadcast Platforms and Corporate IT	General	Administration	Specialty TV Channel	2014 Consolidated	Budget Consolidated (Note 16)	2013 Consolidated
Revenues									
Provincial operating and other grants	$ -	$ -	$ -	$ 6,259,506	$ -	$ -	**$ 6,259,506**	$ 6,259,506	$ 6,409,512
Donations and sponsorships	-	3,531,289	-	-	-	-	**3,531,289**	3,425,000	3,439,010
Specialty TV Channel subscription fees	-	-	-	-	-	1,387,422	**1,387,422**	1,394,400	1,430,467
Amortization of deferred contributions	-	-	-	472,089	-	-	**472,089**	131,185	352,916
Other	-	-	-	428,256	-	-	**428,256**	357,500	306,295
	-	3,531,289	-	7,159,851	-	1,387,422	**12,078,562**	11,567,591	11,938,200
Expenses									
Salaries and benefits	1,281,454	984,386	1,263,553	-	810,386	99,424	**4,439,203**	4,297,301	4,325,781
Amortization of capital assets and broadcast rights	-	-	-	3,234,588	-	540,514	**3,775,102**	3,765,923	3,394,459
Purchased services	483,960	632,804	229,827	493	55,071	113,276	**1,515,431**	1,256,163	1,474,395
Supplies, shipping, minor software, maintenance	39,038	434,853	735,459	21,125	14,001	103,438	**1,347,914**	1,284,043	1,324,830
Travel, miscellaneous, other	45,752	98,668	23,915	38,141	100,751	11,875	**319,102**	633,551	271,504
Facilities operating costs, rental	-	-	-	-	248,462	-	**248,462**	246,840	223,599
Income taxes (Note 8)	-	-	-	-	-	91,579	**91,579**	-	48,921
	1,850,204	2,150,711	2,252,754	3,294,347	1,228,671	960,106	**11,736,793**	11,483,821	11,063,489
	$ (1,850,204)	$ 1,380,578	$ (2,252,754)	$ 3,865,504	$ (1,228,671)	$ 427,316	**$ 341,769**	$ 83,770	$ 874,711

The accompanying notes are an integal part of these financial statements.

1. Nature of Operations

Knowledge Network Corporation (the "Corporation") was incorporated as a Crown corporation in 2009 under the Knowledge Network Corporation Act, a statute of the Province of British Columbia. In years prior to 2009, the organization operated as part of the Open Learning Agency under the Open Learning Agency Act.

The Corporation is British Columbia's public educational broadcaster across multiple platforms including television, web and mobile. The principal source of funding is from the Ministry of Technology, Innovation and Citizens' Services.

The Corporation continues to be a registered charity under the provision of the Income Tax Act of Canada and is not subject to income taxes. The Corporation's 50% owned subsidiary is subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements are prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the consolidated financial statements be prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board, except in regard to the accounting for broadcast rights and government transfers.

In addition, the Corporation has obtained approval to continue to capitalize broadcast rights, the impact of which is described in Note 17.

The consolidated financial statements reflects the assets, liabilities, revenue, expenses, and accumulated surplus of the reporting entity, which includes the proportionate consolidation of the Corporation's 50% owned subsidiary, Knowledge-West Communications Corporation ("KWCC"). Inter-entity balances and transactions have been eliminated on consolidation.

2. Summary of Significant Accounting Policies (Continued)

(b) Revenue Recognition

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations are recorded on the cash basis but designated donations are deferred to match program expenditures.

Subscription fees are recognized in the period in which the transactions occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Interest and other revenues are recognized when earned.

(c) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Equipment, furniture and fixtures are amortized over the estimated useful life on the declining balance basis at 10% to 30% per annum, computer software is amortized over the estimated useful life on the declining balance basis at 50%, and leasehold improvements are amortized over the term of the lease.

(d) Deferred Contributions for Capital Assets and Broadcast Rights

Funding received from the Province of British Columbia used for the acquisition of tangible capital assets is recorded as deferred contributions and is recognized as a recovery in the Statement of Operations equal to amortization charged on the assets purchased with the funding. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 17 for the impact of this policy on these financial statements.

Broadcast rights are recorded at cost and amortized over the period the broadcast is authorized for (generally 4 to 6 years).

2. Summary of Significant Accounting Policies (Continued)

(e) Financial Instruments

The Corporation's financial instruments consist of cash, accounts receivable, portfolio investments and accounts payable and accruals. Financial instruments other than portfolio investments are recorded at cost or amortized cost. Portfolio investments are recorded at market value.

(f) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those reported.

3. Cash and Portfolio Investments

(a) Cash

The Corporation's bank accounts are held at one Canadian chartered bank. Interest is earned at prime minus 1.95% and is paid on a monthly basis. As at March 31, 2014, the balance in US dollar account was $100,175 (2013 - $15,112).

The Corporation has a revolving demand credit facility bearing interest at prime plus 0.50% per annum. The available facility is to a maximum of $500,000. As at March 31, 2014 and March 31, 2013 the Corporation did not utilize this credit facility.

(b) Portfolio investments

	March 31 2014	March 31 2013
Fixed income	$ 343,901	$ 378,930
Common shares	1,699,932	1,059,320
Mutual funds	7,146	685,799
Cash	81,669	89,524
Other	70,818	8,696
	$ 2,203,466	$ 2,222,269

Fixed income investments bear interest ranging from 2.63% - 8.00% (2013 - 2.63% - 8.00%) with maturities ranging from January 2017 to Sept 2041 (2013 - January 2017 to June 2041). Mutual funds consist of money market funds which are redeemable at any time.

March 31, 2014

4. Tangible Capital Assets

	Furniture and Fixtures	Computer Equipment	Equipment	Software	Broadcast Network Equipment	Leasehold Improvements	March 31, 2014
Cost							
Opening balance	$ 880,545	$ 3,002,452	$ 2,396,439	$ 365,755	$ 13,080,963	$ 37,695	$ 19,763,849
Additions	-	3,044	-	25,943	482,631	-	511,618
Closing balance	880,545	3,005,496	2,396,439	391,698	13,563,594	37,695	20,275,467
Accumulated Amortization							
Opening balance	760,118	2,500,094	2,341,989	365,755	11,130,371	23,725	17,122,052
Amortization	12,043	100,776	8,167	6,486	263,029	2,794	393,295
Closing balance	772,161	2,600,870	2,350,156	372,241	11,393,400	26,519	17,515,347
Net Book Value	**$ 108,384**	**$ 404,626**	**$ 46,283**	**$ 19,457**	**$ 2,170,194**	**$ 11,176**	**$ 2,760,120**

	Furniture and Fixtures	Computer Equipment	Equipment	Software	Broadcast Network Equipment	Leasehold Improvements	March 31, 2013
Cost							
Opening balance	$ 871,317	$ 2,816,560	$ 2,396,439	$ 365,755	$ 13,072,150	$ 37,695	$ 19,559,916
Additions	9,228	185,892	-	-	8,813	-	203,933
Closing balance	880,545	3,002,452	2,396,439	365,755	13,080,963	37,695	19,763,849
Accumulated Amortization							
Opening balance	747,250	2,397,742	2,332,380	365,755	10,886,720	20,232	16,750,079
Amortization	12,868	102,352	9,609	-	243,651	3,493	371,973
Closing balance	760,118	2,500,094	2,341,989	365,755	11,130,371	23,725	17,122,052
Net Book Value	**$ 120,427**	**$ 502,358**	**$ 54,450**	**$ -**	**$ 1,950,592**	**$ 13,970**	**$ 2,641,797**

5. Broadcast Rights

	2014	2013
Cost		
Opening balance	$13,472,766	$ 12,073,056
Additions	3,966,290	4,048,898
Disposal of expired rights	(1,861,119)	(2,649,188)
Closing balance	15,577,937	13,472,766
Accumulated Amortization		
Opening balance	5,161,452	4,866,197
Amortization	3,324,113	2,944,443
Disposal of expired rights	(1,861,118)	(2,649,188)
Closing balance	6,624,447	5,161,452
Net book value	$ 8,953,490	$ 8,311,314

6. Deferred Contributions, Capital Assets

Deferred contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. Amortization of deferred contributions is recorded as revenue.

	2014	2013
Balance, beginning of year	$ 1,937,102	$ 2,217,838
Less: Amounts recognized as revenue	(244,006)	(280,736)
Balance, end of year	$ 1,693,096	$ 1,937,102

7. Deferred Contributions, Broadcast Rights

Deferred contributions related to broadcast rights represent the unamortized amount of funds received for the acquisition of programs. Amortization of deferred contributions is recorded as revenue.

	2014	2013
Balance, beginning of year	$ 471,857	$ 544,037
Contribution received	749,449	-
Amounts recognized as revenue	(228,083)	(72,180)
Balance, end of year	$ 993,223	$ 471,857

8. Income Taxes Receivable

During the course of the year, KWCC paid monthly tax installments, estimated by the Canada Revenue Agency based on prior year's taxable income, totalling $50,868. Once the actual income tax was calculated at $31,110, a refund of $19,758 was due at year end. However, retroactive tax legislation reduced the ability of KWCC to claim the small business deduction for 2011/12 and 2012/13 with expected additional cost of $60,000.

9. Commitments and Contingencies

Satellite Transmission Service

The Corporation acquires satellite transmission services at an annual cost of approximately $440,245 under agreements that are renewed periodically.

Production Costs

The Corporation acquires programs which require the commitment of funds. As at March 31, 2014, the Corporation is committed to pay $2,190,249 for licence fees over the period from April 2014 to March 2016.

Contingencies

In the normal course of business, claims are brought against the Corporation. Where the outcomes are likely and the amounts reasonably estimatable, contingent losses are recorded. Where the outcomes are not likely, the nature and amount of the claims in excess of the amounts recorded are disclosed.

At March 31, 2014, there are no claims in excess of amounts recorded.

10. Related Party Transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amount.

In the normal course of operations, the Corporation pays rent to BCIT, a Provincially controlled university, of $1 per annum and its share of the building operating costs totaling $248,462 (2013 - $218,467).

Included in accounts receivable is $750,000 (2013 - $750,000) related to a loan due from its subsidiary, representing the $1,500,000 (2013 - $1,500,000) balance of the loan less the 50% impact resulting from proportionate consolidation. The loan is unsecured and bears interest at 5% per annum. Also included in accounts receivable is $436,646 (2013 - $336,131) related to advances, fees and interest payable.

11. Segmented Information

For reporting purposes, the Corporation's activities have been aggregated into functional areas. The Consolidated Schedule of Segment Disclosure reports the revenues and expenses that are directly attributable to each functional segment. The revenues and expenses that cannot be directly attributable or allocated on a reasonable basis to individual segments are reported in the General segment. The following describes the activities of each segment:

Program Management, Presentation and Promotions

This segment includes salaries and benefits costs of staff responsible for the acquisition of broadcast rights, management and design of broadcast content including branding, captioning of programs, and management of broadcast traffic. This segment also includes the cost of contracted editors hired to create promotional content.

Marketing and Development

This segment includes salaries and benefits costs of staff responsible for administering our Partners' donations and Knowledge Endowment Fund. This includes other operating costs related to the servicing of our donors such as the production and distribution of the program guide.

This segment also includes salaries and benefits costs of staff responsible for maintaining government reporting requirements, reporting on audience and viewership results and implementing our marketing plans.

Broadcast Platforms and Corporate Information Technology

This segment includes salaries and benefits costs of staff responsible for the maintenance and administration of the broadcast platforms and corporate information technology infrastructures. This segment also includes operating costs related to the distribution of our broadcast signal to our audiences.

11. Segmented Information (Continued)

General

This segment includes all other revenues, and year end adjustments related to the capitalization and amortization of assets, and minority interest in our subsidiary operations.

Administration

This segment includes salaries and benefits costs of staff responsible for overall administration, finance, and human resources. Operating costs also include the Corporation's share of leased facilities costs, and the costs of training and professional development of our staff.

Specialty TV Channel

This segment represents the operations of the BBC Kids tier 2 digital specialty channel via KWCC. BBC Kids is available to Canadian cable and Internet TV subscribers.

12. Pensions

The Corporation and its employees contribute to the College Pension Plan and Municipal Pension Plan ("The Plans"), jointly trusteed pension plans. The boards of trustees for these plans, representing plan members and employers, and are responsible for overseeing the management of the Plans, including investment of the assets and administration of benefits. The Plans are multi-employer contributory pension plans. Basic pension benefits provided are based on formulas. The College Pension Plan has about 12,900 active members from college senior administration and instructional staff and approximately 5,100 retired members. The Municipal Pension Plan has about 179,000 active members and approximately 71,000 retired members.

Active College Pension Plan members include approximately 14 contributors, and active Municipal Pension Plan members include approximately 33 contributors from the Corporation.

The most recent valuation for the College Pension Plan as at August 31, 2012 indicated an unfunded liability of $105 million for basic benefits. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plans record accrued liabilities and accrued assets for the Plans in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plans.

The Corporation paid $327,868 (2013: $306,388) for employer contributions while employees contributed $300,535 (2013 - $284,071) to the Plans in fiscal 2014.

13. Financial Instruments Risks

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2014.

a) Credit Risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash, portfolio investments, and accounts receivable. The Corporation has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Corporation has also retained an investment firm to invest surplus funds in accordance with its investment policy. The receivables are due from various entities and individuals, thus the Corporation is not subject to concentration of credit risk.

b) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to foreign exchange risk is limited to the funds denominated in US dollars as noted in Note 3.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Portfolio investments bear some interest rate risk as the market price of fixed income securities may fluctuate based on changes in interest rates (Note 3).

d) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market (Note 3). The Corporation is exposed to fair value and interest rate risks on its portfolio investments.

e) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

14. Capital Management

The capital structure of the Corporation consists of accumulated surplus from operations and accumulated remeasurement gains and losses. The primary objective of the Corporation's capital management is to provide financial flexibility to take advantage of future strategic opportunities.

Included in accumulated surplus is the endowment fund which provides income to advance programming initiatives. Contributed principal to endowment funds are held in perpetuity and invested in accordance with the Corporation's investment policy.

Also included in accumulated surplus is the net investment in tangible capital assets and broadcast rights. These amounts are not available for other purposes because they have been invested.

Unrestricted amounts are funds available for the Corporation's future operations.

15. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2014	2013
Invested in tangible capital assets	$ 1,067,024	$ 704,694
Invested in broadcast rights	7,960,267	7,839,458
Endowment funds	1,674,453	1,336,568
Unrestricted amounts	1,317,480	1,352,973
	$12,019,224	$ 11,233,693

16. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors.

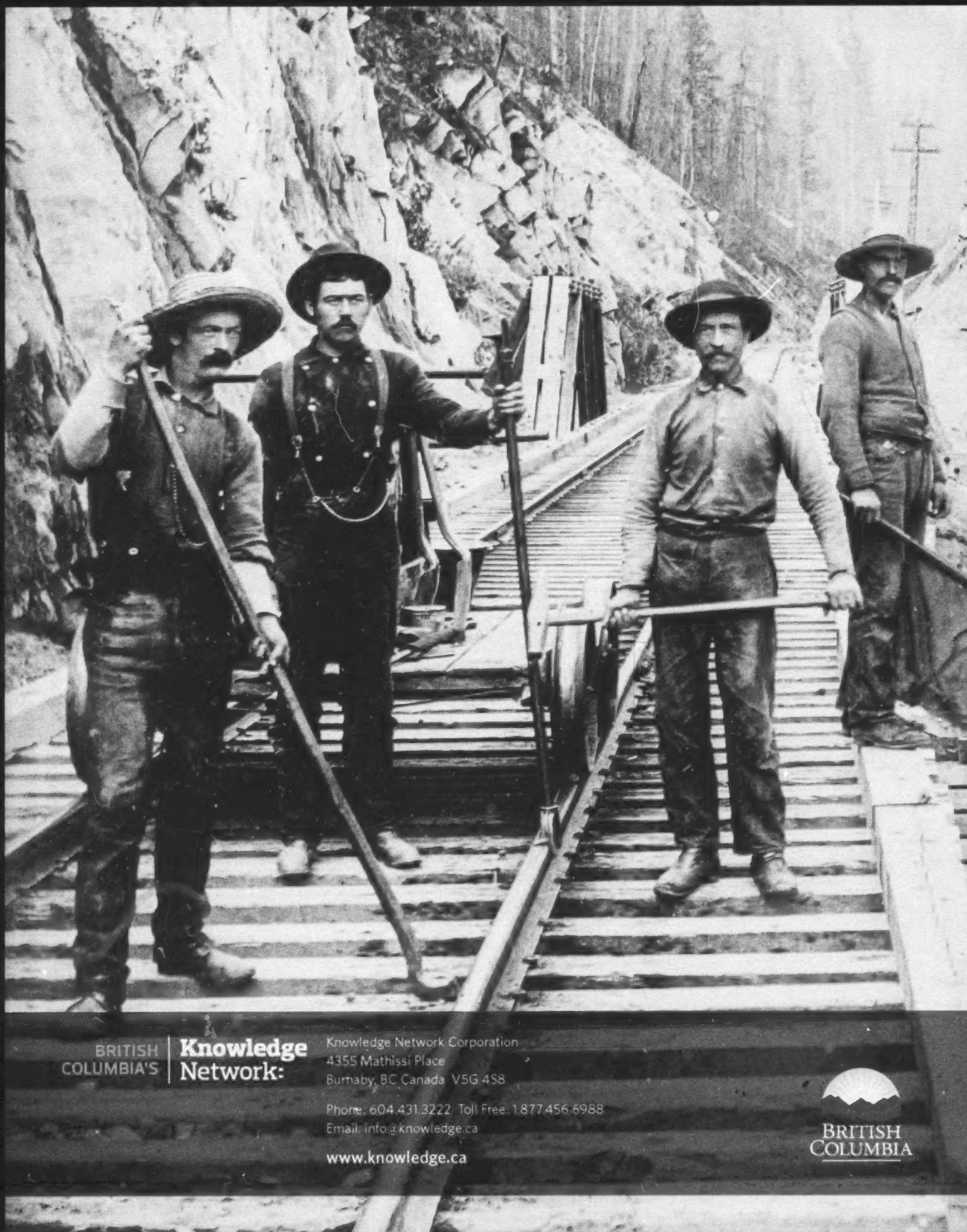
17. Impact of Accounting for Intangible Assets and Government Transfers in Accordance with the Budget Transparency and Accountability Act

As noted in the significant accounting policies, the Corporation has been granted approval to capitalize and amortize certain key intangible assets. Canadian public sector accounting standards do not recognize intangible assets in their accounting framework and require that such amounts be expensed as incurred.

The Budget Transparency and Accountability Act and its related regulations require the Corporation to account for government transfers for capital assets by deferring and amortizing them to income on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be reported in income.

The impact of this difference on the financial statements of the Corporation is as follows:

March 31, 2013		
Increase accumulated surplus and decrease deferred contributions by	$	1,937,102
Broadcast rights and accumulated surplus overstated by	$	8,311,314
March 31, 2014		
Increase accumulated surplus and decrease deferred contributions by	$	1,693,096
Broadcast rights and accumulated surplus overstated by	$	8,953,490
Year ended March 31, 2013		
Amortization expense overstated by	$	2,944,443
Amortization of deferred capital contributions overstated by	$	352,916
Year ended March 31, 2014		
Amortization expense overstated by	$	3,324,113
Amortization of deferred capital contributions overstated by	$	472,089



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